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As filed with the Securities and Exchange Commission on September 2, 2011

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

Guidewire Software, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	7372	36-4468504
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(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 ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value $0.0001 per share	$100,000,000	$11,610

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended. Includes offering price of shares that the underwriters have the option to purchase to cover over allotments, if any.

(2) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum offering price.

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 , 2011

Prospectus

Shares

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.

We expect to apply for listing of our common stock on the 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 9.

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 , 2011.

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

Stifel Nicolaus Weisel **Pacific Crest Securities**

, 2011

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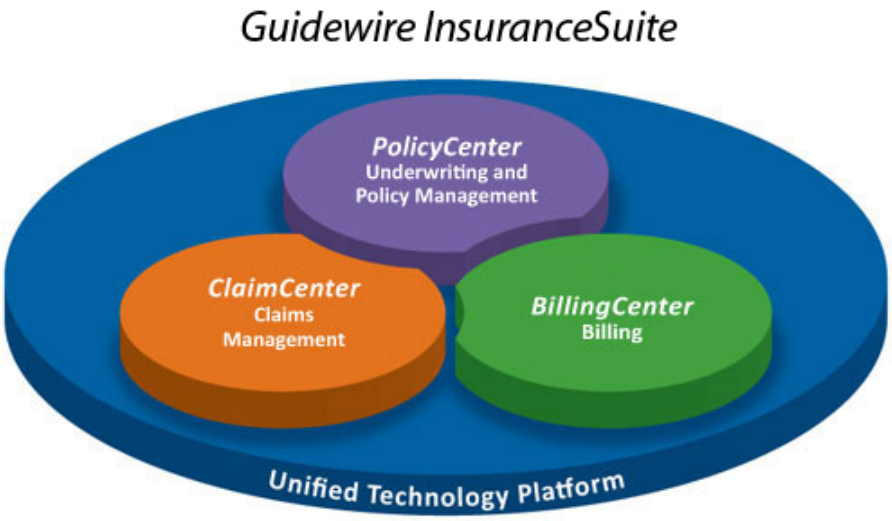

100+ Customers in 12 Countries

AMERICAN FAMILY INSURANCE
Amica AUTO HOME LIFE
CNA
the co-operators
The Hanover Insurance Group
MERCURY INSURANCE GROUP
Nationwide
QBE
ROSGOSSTRAKH
SENTRY INSURANCE
SUNCORP
TOKIO MARINE NICHIDO

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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 , 2011 (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, 2008, 2009 and 2010 are referred to herein as fiscal year 2008, fiscal year 2009 and fiscal year 2010, 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 July 31, 2011, we had 101 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 annually in advance. We generated revenues of $144.7 million in fiscal year 2010 and $121.5 million for the nine months ended April 30, 2011. We generated net income of $15.5 million in fiscal year 2010 and $33.5 million for the nine months ended April 30, 2011, including a benefit of $24.4 million related to a release of a significant portion of our tax valuation allowance during the three months ended April 30, 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 over $50 billion annually.
- ***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; and
- our product development and sales cycles are lengthy, and we may incur significant expenses prior to earning corresponding revenues.

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 symbol	“GWRE”

The number of shares of our common stock to be outstanding following this offering is based on 39,516,598 shares of our common stock outstanding as of April 30, 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:

- 8,065,964 shares of common stock issuable upon the exercise of options outstanding as of April 30, 2011, with a weighted average exercise price of $2.64 per share;
- 3,491,773 shares of common stock issuable upon the vesting of RSUs outstanding as of April 30, 2011;
- 69,529 shares of common stock issuable upon the exercise of warrants to purchase convertible preferred stock outstanding as of April 30, 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
- shares of our common stock reserved for future issuance under our stock-based compensation plans as of April 30, 2011, 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, 2008, 2009 and 2010 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the nine months ended April 30, 2010 and 2011 and our consolidated balance sheet data as of April 30, 2011 from our unaudited interim consolidated financial statements included elsewhere 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 nine months ended April 30, 2011 are not necessarily indicative of the results to be expected for the fiscal year ended July 31, 2011 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,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
	(in thousands, except share and per share data)				
Revenues:					
License	$ 16,202	$ 26,996	$ 60,315	$39,138	$ 47,890
Maintenance	5,531	9,572	18,702	13,934	15,420
Services	48,923	48,177	65,674	45,837	58,155
Total revenues	70,656	84,745	144,691	98,909	121,465
Cost of revenues(1):					
License	555	349	267	231	441
Maintenance	2,018	2,628	3,685	2,791	2,850
Services	39,875	38,679	51,519	36,772	46,196
Total cost of revenues	42,448	41,656	55,471	39,794	49,487
Gross profit:					
License	15,647	26,647	60,048	38,907	47,449
Maintenance	3,513	6,944	15,017	11,143	12,570
Services	9,048	9,498	14,155	9,065	11,959
Total gross profit	28,208	43,089	89,220	59,115	71,978
Operating expenses:					
Research and development(1)	21,162	22,356	28,273	20,601	24,704
Sales and marketing(1)	15,718	21,559	26,741	19,112	19,315
General and administrative(1)	8,506	9,646	16,192	12,905	16,069
Total operating expenses	45,386	53,561	71,206	52,618	60,088
Income (loss) from operations	(17,178)	(10,472)	18,014	6,497	11,890
Interest income (expense), net	443	27	95	(17)	100
Other income (expense), net	—	(123)	(391)	(400)	1,221
Income (loss) before provision for income taxes	(16,735)	(10,568)	17,718	6,080	13,211
Provision for (benefit from) income taxes	148	398	2,199	694	(20,277)
Net income (loss)	$(16,883)	$(10,966)	$ 15,519	$ 5,386	$ 33,488

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
	(in thousands, except share and per share data)				
Net income (loss) per share attributable to common stockholders(2):					
Basic	$ (1.28)	$ (0.83)	$ 0.32	$ 0.08	$ 0.79
Diluted	$ (1.28)	$ (0.83)	$ 0.30	$ 0.07	$ 0.74
Shares used in computing net income (loss) per share attributable to common stockholders(2):					
Basic	13,195,733	13,284,938	13,535,736	13,509,038	14,012,799
Diluted	13,195,733	13,284,938	15,933,374	15,847,015	16,879,578
Pro forma net income per share attributable to common stockholders (unaudited)(2):					
Basic			$ 0.40		$ 0.85
Diluted			$ 0.38		$ 0.79
Shares used in computing pro forma net income per share attributable to common stockholders (unaudited)(2):					
Basic			38,893,457		39,370,520
Diluted			41,291,095		42,237,299
Other financial data:					
Adjusted EBITDA(3) (unaudited)	$ (12,869)	$ (6,377)	$ 22,744	$ 9,956	$ 17,236
Operating cash flows	$ (3,459)	$ 11,379	$ 9,534	$ (2,191)	$ 7,945

(1) Includes stock-based compensation as follows:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
	(in thousands)				
Cost of revenues	$ 737	$ 780	$ 925	$ 695	$ 999
Research and development	872	688	769	565	943
Sales and marketing	825	857	755	559	630
General and administrative	690	464	905	635	1,739
Total stock-based compensation	$3,124	$2,789	$3,354	$2,454	$4,311

(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, depreciation and stock-based compensation. For a discussion of Adjusted EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA see “Selected Consolidated Financial Data—Adjusted EBITDA.”

The following table presents our summary consolidated balance sheet data as of April 30, 2011:

- Ÿ on an actual basis;
- Ÿ 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
- Ÿ 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 April 30, 2011		
	Actual	Pro Forma (unaudited) (in thousands)	Pro Forma as Adjusted
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 40,121		
Working capital	14,292		
Total assets	106,884		
Total liabilities	93,530		
Total stockholders' equity	13,354		

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:

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

- Ÿ fluctuations in foreign currency exchange rates;
- Ÿ purchase of patents to protect our intellectual property;
- Ÿ future accounting pronouncements or changes in our accounting policies; and
- Ÿ 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.

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 fourth calendar quarter, 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 are 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.

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 license revenues growth in subsequent periods. 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 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 year 2010 and the nine months ended April 30, 2011, our top 10 customers accounted for 48% and 38% 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% and 48% of total revenues for fiscal year 2010 and for the nine months ended April 30, 2011, respectively. Our services revenues produce lower gross margins than our license revenues. The gross margin of our services revenues was 22% and 21% for fiscal year 2010 and for the nine months ended April 30, 2011, respectively, while the gross margin for license revenues was 100% and 99% 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. In this regard, we have previously been 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. The patents that were the subject of these actions have been found invalid by the Delaware Court, but Accenture has appealed the judgment of the Delaware Court with respect to one of these patents. In addition, we have sued Accenture over its alleged infringement of certain of our intellectual property rights and Accenture has counterclaimed that we infringe certain of their intellectual property rights. Our patent litigation with Accenture is on-going and is further described in “Business—Legal Proceedings.” In the event that Accenture prevails and is successful in obtaining some or all of the relief it seeks, we may be subject to damages and injunctions against selling our products. 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 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.

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 year 2010 and the nine months ended April 30, 2011, our top 10 customers accounted for 48% and 38% 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 $33.5 million in the nine months ended April 30, 2011, which included a benefit of $24.4 million related to a release of a significant portion of our tax valuation allowance during the three months ended April 30, 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. 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 rely on technology and intellectual property licensed from 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, including insurance-industry proprietary information that we license from Insurance Services Office, Inc., or ISO, for distribution in our PolicyCenter product, 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. For example, ISO reserves the right to terminate our right to license and distribute its tools and proprietary information to our customers in its discretion. Our loss of the right to license and distribute ISO's insurance industry-specific information and tools to our customers would limit the functionality of our products, might require us to redesign our products, and would materially disrupt our business. Also, should ISO refuse to license its proprietary information to us on the same terms that it offers to our competitors, we could be placed at a significant competitive disadvantage.

Further, although we believe that there are currently adequate replacements for the third-party technology and intellectual property we presently use and distribute other than proprietary information provided by ISO, 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, results of operations and financial condition.

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.

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 business, results of operations and financial condition.

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.

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.

Our products could experience data security breaches.

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 would have a material adverse effect on our business, results of operations, financial condition and growth prospects.

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.

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.

Our growth is dependent upon the continued development of our direct sales force and the expansion of our relationships with our strategic partners.

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. We rely on system integrators as channel partners to reach additional customers. Our growth in revenues, particularly in international markets, will depend on 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 suffer.

Failure to manage our rapid growth effectively 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. 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 the year ended July 31, 2010, 30% 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:

- Ÿ increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations;
- Ÿ longer payment cycles and difficulties in enforcing contracts and collecting accounts receivable;
- Ÿ the need to localize our products and licensing programs for international customers;
- Ÿ lack of familiarity with and unexpected changes in foreign regulatory requirements;
- Ÿ increased exposure to fluctuations in currency exchange rates;
- Ÿ the burdens of complying with a wide variety of foreign laws and legal standards;
- Ÿ compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, particularly in emerging market countries;

- Ÿ import and export license requirements, tariffs, taxes and other trade barriers;
- Ÿ increased financial accounting and reporting burdens and complexities;
- Ÿ weaker protection of intellectual property rights in some countries;
- Ÿ multiple and possibly overlapping tax regimes; and
- Ÿ 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, which could be compromised by data security incidents and other disruptions.

Although our software products typically are deployed on our customers' premises, our products may be deployed in cloud-based environments, in which our products and associated services are made available to our customers 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. 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 , impose additional requirements on public companies, including specific corporate governance practices. For example, the listing requirements of 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:

- Ÿ hire additional personnel;
- Ÿ develop new or enhance existing products and services;

- Ÿ enhance our operating infrastructure;
- Ÿ acquire businesses or technologies; or
- Ÿ 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, on an as-converted basis. 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 controlling stockholders. Also, as a result, these stockholders, acting 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 April 30, 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:

- Ÿ no shares will be eligible for sale immediately upon completion of this offering;
- Ÿ 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
- Ÿ 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 April 30, 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:

- Ÿ 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;
- Ÿ 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. We have not independently verified any third-party information and cannot assure you of its accuracy or completeness. 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. Although we believe that each source is reliable as of its respective date, neither we nor the underwriters have independently verified the accuracy or completeness of this information. 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.

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 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 our stock price on the date of vesting. Assuming a stock price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, we would use $ million to satisfy these tax withholding obligations.

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 April 30, 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 April 30, 2011		
	Actual	Pro Forma	Pro Forma As Adjusted
		(unaudited) (in thousands)	
Cash and cash equivalents	$ 40,121	$	$
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, 14,158,877 shares issued and outstanding, actual; 500,000,000 shares authorized, 39,516,598 shares issued and outstanding, pro forma; and 500,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted	1		
Additional paid-in capital	17,573		
Accumulated other comprehensive loss	(278)		
Accumulated deficit	(40,442)		
Total stockholders' equity	13,354		
Total capitalization	$ 13,354	$	$

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 39,516,598 shares of our common stock outstanding as of April 30, 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:

- 8,065,964 shares of common stock issuable upon the exercise of options outstanding as of April 30, 2011, with a weighted average exercise price of $2.64 per share;
- 3,491,773 shares of common stock issuable upon the upon the vesting of RSUs outstanding as of April 30, 2011;
- 69,529 shares of common stock issuable upon the exercise of warrants to purchase convertible preferred stock outstanding as of April 30, 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
- shares of our common stock reserved for future issuance under our stock-based compensation plans as of April 30, 2011, 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 April 30, 2011 was $13.4 million, or $0.94 per share. Our pro forma net tangible book value as of April 30, 2011 was $13.4 million, or $0.34 per share, based on the total number of shares of our common stock outstanding as of April 30, 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 April 30, 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 April 30, 2011, before giving effect to this offering	$0.34	
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 April 30, 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		%	$	%	$
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 39,516,598 shares of our common stock outstanding as of April 30, 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:

- 8,065,964 shares of common stock issuable upon the exercise of options outstanding as of April 30, 2011, with a weighted average exercise price of $2.64 per share;
- 3,491,773 shares of common stock issuable upon the vesting of outstanding RSUs as of April 30, 2011;
- 69,529 shares of common stock issuable upon the exercise of warrants to purchase convertible preferred stock outstanding as of April 30, 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
- shares of common stock reserved for future issuance under our stock-based compensation plans, 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, 2008, 2009 and 2010 and the consolidated balance sheet data as of July 31, 2009 and 2010 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations for the nine months ended April 30, 2010 and 2011 and the consolidated balance sheet data as of April 30, 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, 2006 and 2007 and the consolidated balance sheet data as of July 31, 2006, 2007 and 2008 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 nine months ended April 30, 2011 are not necessarily indicative of results to be expected for the full year ended July 31, 2011 or any other 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,					Nine Months Ended April 30,	
	2006	2007	2008	2009	2010	2010	2011
						(unaudited)	
	(in thousands, except share and per share data)						
Consolidated Statements of Operations Data:							
Total revenues	$ 21,332	$ 42,945	$ 70,656	$ 84,745	$ 144,691	$ 98,909	$ 121,465
Total cost of revenues(1)	15,778	35,289	42,448	41,656	55,471	39,794	49,487
Total gross profit	5,554	7,656	28,208	43,089	89,220	59,115	71,978
Operating expenses:							
Research and development(1)	9,645	16,108	21,162	22,356	28,273	20,601	24,704
Sales and marketing(1)	10,084	13,854	15,718	21,559	26,741	19,112	19,315
General and administrative(1)	4,237	6,170	8,506	9,646	16,192	12,905	16,069
Total operating expenses	23,966	36,132	45,386	53,561	71,206	52,618	60,088
Income (loss) from operations	(18,412)	(28,476)	(17,178)	(10,472)	18,014	6,497	11,890
Interest income (expense), net	119	107	443	27	95	(17)	100
Other income (expense), net	—	—	—	(123)	(391)	(400)	1,221
Income (loss) before provision for income taxes	(18,293)	(28,369)	(16,735)	(10,568)	17,718	6,080	13,211
Provision for (benefit from) income taxes	71	84	148	398	2,199	694	(20,277)
Net income (loss)	$ (18,364)	$ (28,453)	$ (16,883)	$ (10,966)	$ 15,519	$ 5,386	$ 33,488
Net income (loss) per share attributable to common stockholders(2):							
Basic	$ (1.57)	$ (2.16)	$ (1.28)	$ (0.83)	$ 0.32	$ 0.08	$ 0.79
Diluted	$ (1.57)	$ (2.16)	$ (1.28)	$ (0.83)	$ 0.30	$ 0.07	$ 0.74

	Years Ended July 31,					Nine Months Ended April 30,	
	2006	2007	2008	2009	2010	2010	2011
			(in thousands, except share and per share data)			(unaudited)	
Shares used in computing net income (loss) attributable to common stockholders(2):							
Basic	11,675,073	13,177,772	13,195,733	13,284,938	13,535,736	13,509,038	14,012,799
Diluted	11,675,073	13,177,772	13,195,733	13,284,938	15,933,374	15,847,015	16,879,578
Pro forma net income per share attributable to common stockholders (unaudited)(2):							
Basic					$ 0.40		$ 0.85
Diluted					$ 0.38		$ 0.79
Shares used in computing pro forma net income per share attributable to common stockholders (unaudited) (2):							
Basic					38,893,457		39,370,520
Diluted					41,291,095		42,237,299
Other Financial Data:							
Adjusted EBITDA(3) (unaudited)			$ (12,869)	$ (6,377)	$ 22,744	$ 9,956	$ 17,236
Operating cash flows			$ (3,459)	$ 11,379	$ 9,534	$ (2,191)	$ 7,945

(1) Includes stock-based compensation as follows:

	Years Ended July 31,					Nine Months Ended April 30,	
	2006	2007	2008	2009	2010	2010	2011
				(in thousands)		(unaudited)	
Cost of revenues	$	$ 428	$ 737	$ 780	$ 925	$ 695	$ 999
Research and development		638	872	688	769	565	943
Sales and marketing		300	825	857	755	559	630
General and administrative		542	690	464	905	635	1,739
Total stock-based compensation	$ 4,096	$ 1,908	$ 3,124	$ 2,789	$ 3,354	$ 2,454	$ 4,311

(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, depreciation 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.

	As of July 31,					As of April 30, 2011
	2006	2007	2008	2009	2010	(unaudited)
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash, cash equivalents and short-term investments	$ 6,050	$ 4,634	$ 17,699	$ 27,585	$ 37,411	$ 40,121
Working capital (deficit)	2,114	(9,696)	(11,767)	(13,523)	(5,382)	14,292
Total assets	14,146	22,748	37,277	54,741	60,055	106,884
Convertible preferred stock	11,678	11,678	11,678	36,500	36,500	36,500
Total stockholders' equity (deficit)	(15,861)	(41,488)	(36,775)	(44,648)	(25,145)	13,354

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 stock-based compensation 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 as a result of the timing of new stock-based awards.

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) attributable to common stockholders.

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

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(unaudited) (in thousands)		
Reconciliation of Adjusted EBITDA:					
Net income (loss)	$(16,883)	$(10,966)	$15,519	$ 5,386	$ 33,488
Non-GAAP adjustments:					
Provision for (benefit from) income taxes	148	398	2,199	694	(20,277)
Other (income) expense, net	—	123	391	400	(1,221)
Interest (income) expense, net	(443)	(27)	(95)	17	(100)
Depreciation	1,185	1,306	1,376	1,005	1,035
Total stock-based compensation	3,124	2,789	3,354	2,454	4,311
Adjusted EBITDA	$(12,869)	$ (6,377)	$22,744	$ 9,956	$ 17,236

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, 2008, 2009 and 2010 are referred to herein as fiscal year 2008, fiscal year 2009 and fiscal year 2010, 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 in the nine months ended April 30, 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% and 39% of our total revenues during fiscal years 2009 and 2010 and the nine months ended April 30, 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% and 13% of our total revenues during fiscal years 2009 and 2010 and the nine months ended April 30, 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% and 48% of our total revenues during fiscal years 2009 and 2010 and the nine months ended April 30, 2011, respectively.

We enter into multi-year renewable contracts to license our software. Regardless of contract length, we 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 fourth calendar quarter, 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 and in subsequent years upon the anniversary of the contract date. We expect these seasonal trends to continue in the future, which may cause quarterly fluctuations in our results of operations and certain financial metrics.

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 and 2010 and for the nine months ended April 30, 2011, no single customer accounted for more than 10% of our revenues, and our ten largest customers accounted for 42%, 48% and 38% 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 $144.7 million in fiscal year 2010 and $121.5 million for the nine months ended April 30, 2011. 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 20%, 16%, 30% and 29% during fiscal years 2008, 2009 and 2010 and the nine months ended April 30, 2011, respectively. We experienced our first profit on a quarterly basis in the second quarter of fiscal year 2010 and generated net income of $15.5 million in fiscal year 2010 and $33.5 million in the nine months ended April 30, 2011, including a benefit of $24.4 million related to a release of a significant portion of our tax valuation allowance during the three months ended April 30, 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 four periods presented were:

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

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, depreciation 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 $(12,869), $(6,377), $22,744 and $17,236 for fiscal years 2008, 2009 and 2010 and the nine months ended April 30, 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 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. As a result, our operating cash flows fluctuate significantly on a quarterly basis. Operating cash flows were $(3,459), $11,379, $9,534 and $7,945 for fiscal years 2008, 2009 and 2010 and the nine months ended April 30, 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 in the three months ended April 30, 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 the nine months ended April 30, 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.

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, and the results for the nine months ended April 30, 2011 are not necessarily indicative of results to be expected for the full year or for any other period.

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(in thousands)	(unaudited)	
Revenues:					
License	$ 16,202	$ 26,996	$ 60,315	$ 39,138	$ 47,890
Maintenance	5,531	9,572	18,702	13,934	15,420
Services	48,923	48,177	65,674	45,837	58,155
Total revenues	70,656	84,745	144,691	98,909	121,465
Cost of revenues:					
License	555	349	267	231	441
Maintenance	2,018	2,628	3,685	2,791	2,850
Services	39,875	38,679	51,519	36,772	46,196
Total cost of revenues	42,448	41,656	55,471	39,794	49,487
Gross profit:					
License	15,647	26,647	60,048	38,907	47,449
Maintenance	3,513	6,944	15,017	11,143	12,570
Services	9,048	9,498	14,155	9,065	11,959
Total gross profit	28,208	43,089	89,220	59,115	71,978
Operating expenses:					
Research and development	21,162	22,356	28,273	20,601	24,704
Sales and marketing	15,718	21,559	26,741	19,112	19,315
General and administrative	8,506	9,646	16,192	12,905	16,069
Total operating expenses	45,386	53,561	71,206	52,618	60,088
Income (loss) from operations	(17,178)	(10,472)	18,014	6,497	11,890
Interest income (expense), net	443	27	95	(17)	100
Other income (expense), net	—	(123)	(391)	(400)	1,221
Income (loss) before provision for income taxes	(16,735)	(10,568)	17,718	6,080	13,211
Provision for (benefit from) income taxes	148	398	2,199	694	(20,277)
Net income (loss)	$ (16,883)	$ (10,966)	$ 15,519	$ 5,386	$ 33,488

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Revenues:					
License	23%	32%	42%	40%	39%
Maintenance	8	11	13	14	13
Services	69	57	45	46	48
Total revenues	100	100	100	100	100
Total cost of revenues	60	49	38	40	41
Total gross profit	40	51	62	60	59
Operating expenses:					
Research and development	30	26	20	21	20
Sales and marketing	22	25	18	19	16
General and administrative	12	12	11	13	13
Total operating expenses	64	63	49	53	49
Income (loss) from operations	(24)	(12)	12	7	10
Interest income (expense), net	—	—	—	—	—
Other income (expense), net	—	—	—	1	1
Income (loss) before provision for income taxes	(24)	(12)	12	6	11
Provision for (benefit from) income taxes	—	1	1	1	(17)
Net income (loss)	(24)%	(13)%	11%	5%	28%

Comparison of the Nine Months Ended April 30, 2010 and 2011

Revenues

	Nine Months Ended April 30,				Change	
	2010		2011			
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
			(unaudited) (in thousands, except percentages)			
Revenues:						
License	$39,138	40%	$ 47,890	39%	$ 8,752	22%
Maintenance	13,934	14	15,420	13	1,486	11
Services	45,837	46	58,155	48	12,318	27
Total revenues	$98,909	100%	$121,465	100%	$22,556	23%

License Revenues

The $8.8 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.

	Nine Months Ended April 30,					
	2010		2011		Change	
	Amount	% of License revenues	Amount	% of License revenues	($)	(%)
	(unaudited) (in thousands, except percentages)					
License revenues:						
Term	$31,060	79%	$37,920	79%	$6,860	22%
Perpetual	8,078	21	9,970	21	1,892	23
Total license revenues	$39,138	100%	$47,890	100%	$8,752	22%

The $6.9 million increase in term license revenues was driven by $9.2 million of revenues recognized during the nine months ended April 30, 2011 from new orders and $2.5 million due to the attainment of revenue recognition criteria related to prior years orders, which included $1.6 million recognized upon completion of project implementations and $0.5 million recognized upon release of a contractual contingency. This was partially offset by $4.8 million recognized upon delivery of product functionality during the nine months ended April 30, 2010, which did not recur in the nine months ended April 30, 2011.

The $1.9 million increase in perpetual license revenues was driven by $7.3 million of revenues recognized during the nine months ended April 30, 2011 from new orders and $0.2 million due to the attainment of revenue recognition criteria related to prior years orders. This was partially offset by $4.4 million recognized upon completion of project implementations during the nine months ended April 30, 2010 pursuant to the zero gross margin method.

Maintenance Revenues

The $1.5 million increase in maintenance revenues was primarily driven by $2.1 million of revenues recognized during the nine months ended April 30, 2011 associated with new orders and $1.2 million due to the attainment of revenue recognition criteria, partially offset by $1.8 million recognized upon completion of project implementations during the nine months ended April 30, 2010 pursuant to the zero gross margin method.

Services Revenues

The $12.3 million increase in services revenues was primarily driven by an additional $10.5 million related to implementation of our software, an additional $1.3 million related to reimbursable travel expenses that were recognized as revenues and an additional $0.5 million related to training revenues. This was driven by additional consulting services provided to our new and existing customers during the nine months ended April 30, 2011.

Deferred Revenues

	As of			
	July 31, 2010 Amount	April 30, 2011 Amount	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)			
Deferred revenues:				
Deferred license revenues	$33,968	$42,414	$ 8,446	25%
Deferred maintenance revenues	13,629	17,211	3,582	26
Deferred services revenues	12,552	12,467	(85)	(1)
Total deferred revenues	$60,149	$72,092	$11,943	20%

The $8.4 million increase in deferred license revenues was due to $14.3 million of revenues deferred for billing of new and existing orders during the nine months ended April 30, 2011. This was partially offset by $5.9 million of revenues recognized from existing orders entered into during a prior fiscal year where we attained the required revenue recognition criteria during the nine months ended April 30, 2011.

The $3.6 million increase in deferred maintenance revenues was primarily due to the annual billing of maintenance for new and existing orders during the nine months ended April 30, 2011.

Deferred services revenues remained relatively flat as of April 30, 2011 as compared to July 31, 2010. Deferred services revenues of $3.0 million was recognized pursuant to the zero gross margin method when we completed project implementations during the nine months ended April 30, 2011 offset by $2.9 million of services revenues that were deferred for ongoing project implementations as of April 30, 2011 pursuant to the zero gross margin method.

Cost of Revenues and Gross Profit

	Nine Months Ended April 30,			
	2010 Amount	2011 Amount	Change ($)	Change (%)
	(unaudited) (in thousands, except percentages)			
Cost of revenues:				
License	$ 231	$ 441	$ 210	91%
Maintenance	2,791	2,850	59	2
Services	36,772	46,196	9,424	26
Total cost of revenues	$39,794	$49,487	$ 9,693	24%
Includes stock-based compensation of:				
Cost of revenues	$ 695	$ 999	$ 304	

The $9.7 million increase in cost of revenues was primarily the result of an additional $8.7 million in personnel-related expenses due to an increase in our headcount to provide implementation services to our customers, a $1.3 million increase in travel expenses related to billable projects and a $1.1 million increase in bonus expense partially offset by a $0.8 million decrease in third-party contractor costs and $0.7 million cost savings from a holiday shut down in December 2010.

	Nine Months Ended April 30,					
	2010		2011		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(unaudited) (in thousands, except percentages)					
Gross profit:						
License	$38,907	99%	$47,449	99%	$ 8,542	22%
Maintenance	11,143	80	12,570	82	1,427	13
Services	9,065	20	11,959	21	2,894	32
Total gross profit	$59,115	60%	$71,978	59%	$12,863	22%

Gross profit increased by $12.9 million reflecting the general growth of our business during the nine months ended April 30, 2011, while gross margin remained relatively flat at 60% and 59% for the nine months ended April 30, 2010 and 2011, respectively.

Operating Expenses

	Nine Months Ended April 30,					
	2010		2011		Change	
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(unaudited) (in thousands, except percentages)					
Operating expenses:						
Research and development	$20,601	21%	$24,704	20%	$4,103	20%
Sales and marketing	19,112	19	19,315	16	203	1
General and administrative	12,905	13	16,069	13	3,164	25
Total operating expenses	$52,618	53%	$60,088	49%	$7,470	14%
Includes stock-based compensation of:						
Research and development	$ 565		$ 943		$ 378	
Sales and marketing	559		630		71	
General and administrative	635		1,739		1,104	
Total	$ 1,759		$ 3,312		$1,553	

The $7.5 million increase in operating expenses was primarily driven by increased personnel-related expenses in research and development and general and administrative, partially offset by decreased professional services costs in legal, accounting and other professional services. As a percentage of total revenues, operating expenses decreased from 53% for the nine months ended April 30, 2010 to 49% for the nine months ended April 30, 2011 as we grew our revenues more quickly than our operating expenses.

Research and Development

The $4.1 million increase in research and development expenses was primarily due to higher personnel-related expenses for 29 additional research and development employees.

Sales and Marketing

The $0.2 million increase in sales and marketing expenses resulted from an increase in marketing programs of $0.4 million partially offset by a $0.2 million decrease in variable sales compensation expenses.

General and Administrative

The $3.2 million increase in general and administrative expenses was primarily due to higher personnel-related expenses of $2.3 million for 14 additional general and administrative employees to support the growth of our business and preparation for our initial public offering process and additional stock-based compensation of $1.1 million, partially offset by a $0.7 million decrease in professional services costs and other general and administrative costs.

Other Income (Expense)

	Nine Months Ended April 30,		Change	
	2010 Amount	2011 Amount	($)	(%)
	(unaudited) (in thousands, except percentages)			
Interest income (expense), net	$ (17)	$ 100	$ 117	*
Other income (expense), net	(400)	1,221	1,621	*
Total	$ (417)	$ 1,321	$1,738	*

* Not meaningful

Interest Income (Expense), Net

Interest income increased by $0.1 million primarily due to higher average cash balances held during the nine months ended April 30, 2011. Interest expense remained flat at $0.1 million.

Other Income (Expense), Net

Other income (expense), net improved by $1.6 million primarily resulting from the settlement of foreign receivables as the U.S. dollar weakened during the nine months ended April 30, 2011, primarily against the Canadian and Australian dollars.

Provision for (Benefit From) Income Taxes

We recognized an income tax benefit of $20.3 million for the nine months ended April 30, 2011 compared to an income tax provision of $0.7 million for the nine months ended April 30, 2010. This change primarily resulted from a benefit of $24.4 million related to a release of a significant portion of our tax valuation allowance on our U.S. and state deferred tax assets in the three months ended April 30, 2011, partially offset by a $2.1 million provision for uncertain tax benefits associated with U.S. federal and California research and development credits that were previously not recognized due to the valuation allowance and $1.3 million in additional foreign and U.S. federal and state taxes during the nine months ended April 30, 2011 due to increased profitability.

During the nine months ended April 30, 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 $24.4 million of our tax valuation allowance during the nine months ended April 30, 2011.

Comparison of the Years Ended July 31, 2009 and 2010

Revenues

	Years Ended July 31,					
	2009		2010		Change	
	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,					
	2009		2010		Change	
	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 Amount	2010 Amount	Change ($)	Change (%)
	(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	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		2010		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(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,					
	2009		2010		Change	
	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	2010	Change	
	Amount	Amount	($)	(%)
	(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 (Expense), 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.

Comparison of the Years Ended July 31, 2008 and 2009

Revenues

	Years Ended July 31,					
	2008		2009		Change	
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(in thousands, except percentages)					
Revenues:						
License	$16,202	23%	$26,996	32%	$10,794	67%
Maintenance	5,531	8	9,572	11	4,041	73
Services	48,923	69	48,177	57	(746)	(2)
Total revenues	$70,656	100%	$84,745	100%	$14,089	20%

License Revenues

The $10.8 million increase in license revenues was primarily driven by continued sales of our ClaimCenter software in the United States and Canada.

	Years Ended July 31,					
	2008		2009		Change	
	Amount	% of License revenues	Amount	% of License revenues	($)	(%)
	(in thousands, except percentages)					
License Revenues:						
Term	$10,453	65%	$20,964	78%	$10,511	101%
Perpetual	5,749	35	6,032	22	283	5
Total license revenues	$16,202	100%	$26,996	100%	$10,794	67%

The $10.5 million increase in term license revenues was driven by $3.6 million of revenues recognized during fiscal year 2009 from new orders and $6.9 million due to attainment of revenue recognition criteria during fiscal year 2009 related to prior years orders, including $5.0 million recognized upon completion of project implementations pursuant to the zero gross margin method and $0.7 million when VSOE of fair value for maintenance was established for one customer.

The $0.3 million increase in perpetual license revenues was primarily driven by $2.9 million of revenues recognized in fiscal year 2009 from new orders and $0.2 million of revenues recognized due to completion of project implementations during fiscal year 2009 pursuant to the zero gross margin method, partially offset by $2.8 million in perpetual licenses recognized during fiscal year 2008.

Maintenance Revenues

The $4.0 million increase in maintenance revenues was primarily driven by $1.5 million of revenues recognized during fiscal year 2009 from new orders and $2.2 million related to attainment of revenue recognition criteria during fiscal year 2009 on existing orders from prior years, including $1.7 million recognized upon completion of project implementations pursuant to the zero gross margin method.

Services Revenues

The $0.7 million decrease in services revenues was related to a decrease of $1.1 million related to reimbursable travel, partially offset by an increase of $0.4 million related to the implementation of our software. Included in our services revenues during fiscal year 2009 is $1.6 million that was recognized upon completion of project implementations pursuant to the zero gross margin method.

Deferred Revenues

	As of July 31,		Change	
	2008 Amount	2009 Amount	($)	(%)
	(in thousands, except percentages)			
Deferred revenues:				
Deferred license revenues	$36,864	$49,475	$12,611	34%
Deferred maintenance revenues	10,452	14,231	3,779	36
Deferred services revenues	16,623	14,975	(1,648)	(10)
Total deferred revenues	$63,939	$78,681	$14,742	23%

The $12.6 million increase in deferred license revenues was driven by $13.0 million of revenues deferred for initial billings of new orders during fiscal year 2009 and $10.0 million deferred during fiscal year 2009 as we had not attained the required revenue recognition criteria, partially offset by $10.4 million of revenues recognized from past orders where we attained the required revenue recognition criteria during fiscal year 2009.

The $3.8 million increase in deferred maintenance revenues was driven by $5.6 million of annual billing of maintenance for new and existing orders during fiscal year 2009, partially offset by $1.7 million of revenues recognized upon attainment of the required revenue recognition criteria during fiscal year 2009.

The $1.6 million decrease in deferred services revenues was driven by deferred services profit margin recognized upon attainment of the required revenue recognition criteria resulting from the zero gross margin method during fiscal year 2009.

Cost of Revenues and Gross Profit

	Years Ended July 31,		Change	
	2008 Amount	2009 Amount	($)	(%)
	(in thousands, except percentages)			
Cost of revenues:				
License	$ 555	$ 349	$ (206)	(37)%
Maintenance	2,018	2,628	610	30
Services	39,875	38,679	(1,196)	(3)
Total cost of revenues	$42,448	$41,656	$ (792)	(2)%
Includes stock-based compensation of:				
Cost of revenues	$ 737	$ 780	$ 43	

The $0.8 million decrease in total cost of revenues primarily resulted from a $6.3 million decrease in third-party consulting and travel related expenses and a $0.4 million decrease in royalty and other

administrative expenses, partially offset by a $2.9 million increase in personnel-related cost for 40 additional employees to service our new and existing customers and a $3.0 million increase in bonus expense related primarily to our services personnel.

	Years Ended July 31,					
	2008		2009		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(in thousands, except percentages)					
Gross profit:						
License	$15,647	97%	$26,647	99%	$11,000	70%
Maintenance	3,513	64	6,944	73	3,431	98
Services	9,048	18	9,498	20	450	5
Total gross profit	$28,208	40%	$43,089	51%	$14,881	53%

Gross profit increased by $14.9 million and gross margin increased from 40% to 51% primarily as a result of increased license and maintenance revenues, which have higher gross margins than services revenues.

Maintenance gross profit increased by $3.4 million and gross margin increased from 64% to 73%, primarily as a result of our commencement of revenue recognition on existing orders due to the zero gross margin method where we had previously expensed the related support costs as incurred.

Operating Expenses

	Years Ended July 31,					
	2008		2009		Change	
	Amount	% of Total revenues	Amount	% of Total revenues	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$21,162	30%	$22,356	26%	$1,194	6%
Sales and marketing	15,718	22	21,559	25	5,841	37
General and administrative	8,506	12	9,646	11	1,140	13
Total operating expenses	$45,386	64%	$53,561	63%	$8,175	18%
Includes stock-based compensation of:						
Research and development	$ 872		$ 688		$ (184)	
Sales and marketing	825		857		32	
General and administrative	690		464		(226)	
Total	$ 2,387		$ 2,009		$ (378)	

The $8.2 million increase in operating expenses was primarily driven by increased personnel-related expenses due to additional hires in sales and marketing and variable sales compensation expenses.

Research and Development

The $1.2 million increase in research and development expenses primarily resulted from an additional bonus expense of $1.5 million and an increase in professional services costs of $0.5 million, partially offset by a $0.9 million decrease in facility rental costs due to a reduction in our lease obligations for our headquarters.

Sales and Marketing

The $5.8 million increase in sales and marketing expenses primarily resulted from an additional $4.6 million in variable sales compensation and higher personnel-related expenses of $1.8 million due to 13 additional sales and marketing employees, partially offset by lower compensation-related expenses of $0.4 million in fiscal year 2009 and a $0.2 million decrease in other sales and marketing expenses.

General and Administrative

The $1.1 million increase in general and administrative expenses primarily resulted from $1.6 million related to legal costs for litigation, partially offset by lower general and administrative expenses of $0.3 million and lower stock-based compensation expenses of $0.2 million in fiscal year 2009.

Other Income (Expense)

	Years Ended July 31,		Change	
	2008 Amount	2009 Amount	($)	(%)
	(in thousands, except percentages)			
Interest income (expense), net	$ 443	$ 27	$ (416)	*
Other income (expense), net	—	(123)	(123)	*
Total	$ 443	$ (96)	$ (539)	*

* Not meaningful

Interest Income (Expense), Net

Interest income decreased by $0.4 million primarily due to a $0.3 million increase in interest expense as a result of outstanding letters of credit during the respective periods, partially offset by a $0.1 million decrease in interest income due to lower average interest rates during fiscal year 2009.

Other Income (Expense), Net

Other income (expense), net increased by $0.1 million primarily due to an increase in unrealized foreign-exchange related losses during fiscal year 2009.

Provision for Income Taxes

Income tax expense increased from $0.1 million during fiscal year 2008 to $0.4 million during fiscal year 2009 primarily as a result of an increase of $0.2 million from foreign tax provisions related to our Australian and Canadian operations.

Geographic Breakdown of Revenues

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(in thousands)	(unaudited)	
United States	$51,400	$57,755	$ 85,680	$ 59,629	$ 67,432
Canada	5,272	13,402	15,333	11,499	18,545
Australia	8,577	5,134	7,066	3,913	11,061
Other	5,407	8,454	36,612	23,868	24,427
Total	$70,656	$84,745	$ 144,691	$ 98,909	$ 121,465

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the seven quarters ended April 30, 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
	(in thousands) (unaudited)						
Revenues:							
License	$ 6,358	$ 17,847	$14,933	$21,177	$ 10,153	$ 20,000	$ 17,737
Maintenance	3,122	5,742	5,070	4,768	4,610	5,210	5,600
Services	12,820	14,693	18,324	19,837	19,907	17,127	21,121
Total revenues	22,300	38,282	38,327	45,782	34,670	42,337	44,458
Cost of revenues:							
License	77	96	58	36	201	131	109
Maintenance	851	875	1,065	894	886	1,014	950
Services	10,825	12,329	13,618	14,747	14,105	15,276	16,815
Total cost of revenues[1]	11,753	13,300	14,741	15,677	15,192	16,421	17,874
Gross profit:							
License	6,281	17,751	14,875	21,141	9,952	19,869	17,628
Maintenance	2,271	4,867	4,005	3,874	3,724	4,196	4,650
Services	1,995	2,364	4,706	5,090	5,802	1,851	4,306
Total gross profit	10,547	24,982	23,586	30,105	19,478	25,916	26,584
Operating expenses:							
Research and development[1]	6,183	6,688	7,730	7,672	7,519	8,212	8,973
Sales and marketing[1]	6,490	6,133	6,489	7,629	5,546	7,056	6,713
General and administrative[1]	3,791	4,447	4,667	3,287	4,628	5,204	6,237
Total operating expenses	16,464	17,268	18,886	18,588	17,693	20,472	21,923
Income (loss) from operations	(5,917)	7,714	4,700	11,517	1,785	5,444	4,661
Interest income (expense), net	(13)	(6)	2	112	37	75	(12)
Other income (expense), net	(138)	(410)	148	9	193	(9)	1,037
Profit before provision for income taxes	(6,068)	7,298	4,850	11,638	2,015	5,510	5,686
Provision for (benefit from) income taxes	19	126	549	1,505	302	724	(21,303)
Net income (loss)	$ (6,087)	$ 7,172	$ 4,301	$10,133	$ 1,713	$ 4,786	$ 26,989

(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
	(in thousands) (unaudited)						
Cost of revenues	$ 207	$ 257	$ 231	$ 230	$ 306	$ 330	$ 363
Research and development	149	198	218	204	248	322	373
Sales and marketing	151	204	204	196	135	208	287
General and administrative	141	224	270	270	334	600	805
Total employee stock-based compensation	$ 648	$ 883	$ 923	$ 900	$ 1,023	$ 1,460	$ 1,828

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

(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
	(unaudited)						
Gross Margin by Component of Revenues							
Gross margin:							
License	99%	99%	100%	100%	98%	99%	99%
Maintenance	73	85	79	81	81	81	83
Services	16	16	26	26	29	11	20
Total gross margin	47%	65%	62%	66%	56%	61%	60%

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 fourth calendar quarter, 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. 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 April 30, 2011 we have added 214 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.

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.

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.

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 quarter ended July 31, 2010. 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.

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 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 $7.9 million during fiscal years 2009 and 2010 and the nine months ended April 30, 2011, respectively. We used cash flows from operations of $3.5 million and $2.2 million during fiscal year 2008 and the nine months ended April 30, 2010, respectively. We had capital expenditures of $1.7 million, $1.2 million, $2.2 million, $1.6 million and $2.2 million for the fiscal years 2008, 2009 and 2010 and the nine months ended April 30, 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 April 30, 2011, we had $37.4 million and $40.1 million of cash and cash equivalents, respectively, and negative working capital of $5.4 million and positive working capital of $14.3 million, respectively.

We have experienced positive cash flows from operations during fiscal years 2009 and 2010 and the nine months ended April 30, 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. 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,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(in thousands)	(unaudited)	
Net cash provided by (used in) operating activities	$ (3,459)	$11,379	$ 9,534	$(2,191)	$ 7,945
Net cash provided by (used in) investing activities	(1,909)	(1,020)	(1,040)	(1,283)	(7,763)
Net cash provided by financing activities	18,707	66	785	167	642

Cash Flows from Operating Activities

We experienced positive cash flows from operating activities during fiscal years 2009 and 2010 and the nine months ended April 30, 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 provided by operating activities during the nine months ended April 30, 2011 was primarily attributable to our net income of $33.5 million, increased by non-cash charges for

depreciation of $1.0 million and stock-based compensation of $4.3 million. This increase was partially offset by a net decrease in our operating assets and liabilities during the nine months ended April 30, 2011 of $32.8 million, which was was primarily as a result of a $24.4 million increase in deferred tax assets in the three months ended April 30, 2011 associated with the reversal of a significant portion of our tax valuation allowance, an increase in accounts receivable of $13.5 million from billings to new customers and a decrease in accrued employee compensation of $4.2 million due to timing of bonus payments, partially offset by a $10.1 million increase in deferred revenues mainly due to increase in our license and maintenance deferred revenues.

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.

Net cash used by operating activities during fiscal year 2008 of $3.5 million reflects the net loss of $16.9 million partially offset by non-cash charges which consist of $1.2 million for depreciation, $1.1 million for bad debt expense, $3.1 million for stock-based compensation and $1.0 million for compensation to founders arising from repurchase of common shares. The net change in our operating assets and liabilities of $6.9 million was primarily due to the $11.0 million increase in deferred revenues resulting from the increase in sales. This was offset by $1.6 million increase in accounts receivable and other assets also resulting from the increase in sales.

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 nine months ended April 30, 2011, cash used in investing activities of $7.8 million was primarily attributable to an increase in our restricted cash of $5.5 million for certain customer contract commitments and $2.2 million in capital expenditures during the period.

During the year ended July 31, 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.

During fiscal year 2008, cash used in investing activities of $1.9 million was primarily attributable to $1.7 million in capital expenditures and $0.5 million increase in restricted cash partially offset by $0.3 million in proceeds from the sale of fixed assets.

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 nine months ended April 30, 2011, cash provided by financing activities was $0.6 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.

During fiscal year 2008, cash provided by financing activities was $18.7 million primarily due to the receipt of $24.8 million in net proceeds from the issuance of our Series C convertible preferred stock, partially offset by repurchases of Series A convertible preferred stock of $0.6 million and common stock repurchases totaling $5.5 million.

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.
- *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.

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 2008, 2009, and 2010 and the nine months ended April 30, 2010 and 2011 was calculated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011(1)
				(unaudited)	
Expected term (in years)	6.08	6.08	6.08	6.08	—
Risk-free interest rate	3.0% - 4.5%	2.2% - 3.5%	2.7% - 2.9%	2.7% - 3.1%	—
Expected volatility	51.5% - 58.2%	48.5% - 52.3%	50.3% - 54.4%	50.3% - 54.4%	—
Expected dividend rate	0%	0%	0%	0%	—

(1) No stock options were issued during the nine months ended April 30, 2011.

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. When making the selections of our industry peer companies to be used in the volatility calculation, we considered the size, operational and economic similarities to our principal business operations.

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	$ 7,000
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

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. 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 expect to transition from OPM to PWERM in future periods 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 because this valuation was based on a stock sale with third parties, which was based on the per share price of the stock. As a result, the April 30, 2011 valuation 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 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 guideline 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%. 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 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%. In applying the publicly-traded comparables method of the market approach, we analyzed the financial performance of the same eight guideline 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%. In applying the publicly-traded comparables method of the market approach, we analyzed the financial performance of the same eight guideline 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 market and our financial position and results of operations.

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 obtain a third-party valuation to assist with the determination of 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 our financial position and results of operations.

Stock-Based Compensation

Stock-based compensation expense included in results of operations amounted to approximately $3.1 million, $2.8 million, $3.4 million, $2.5 million and $4.3 million during fiscal years 2008, 2009 and 2010 and the nine months ended April 30, 2010 and 2011, respectively, and was included in cost of revenues and in operating expenses as follows:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(in thousands)	(unaudited)	
Cost of revenues	$ 737	$ 780	$ 925	$ 695	$ 999
Research and development	872	688	769	565	943
Sales and marketing	825	857	755	559	630
General and administrative	690	464	905	635	1,739
Total employee stock-based compensation	$3,124	$2,789	$3,354	$ 2,454	$ 4,311

As of July 31, 2010 and April 30, 2011, total unrecognized compensation cost, adjusted for estimated forfeitures, was as follows:

	As of July 31, 2010		As of April 30, 2011 (unaudited)	
	Unrecognized expense	Average expected recognition period	Unrecognized expense	Average expected recognition period
	(in thousands)	(in years)	(in thousands)	(in years)
Stock options	$ 2,389	2.7	$ 916	2.3
Restricted stock units	285	4.0	7,279	3.8
Total unrecognized stock-based compensation expense	$ 2,674		$ 8,195	

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.

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.

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, 2010:

Contractual Obligations:	Payments Due by Period				
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	Total
	(in thousands)				
Operating lease obligations[1]	$ 2,298	$2,210	$131	$ 63	$4,702
Total	$ 2,298	$2,210	$131	$ 63	$4,702

(1) Operating lease agreements primarily represent our obligations to make payments under our non-cancelable lease agreement for our corporate headquarters through 2012. During the nine months ended April 30, 2011, we made regular lease payments of $2,092 million under the operating lease agreements and did not enter into any new lease agreements.

As of July 31, 2010, we had liabilities for uncertain tax benefits of $335,000 associated with our operations in Russia. As of April 30, 2011, we had unrecognized tax benefits of $2.1 million associated with our U.S. federal and California research and development tax credits.

Off-Balance Sheet Arrangements

Through April 30, 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, 2010 and April 30, 2011. Our cash and cash equivalents and restricted cash as of July 31, 2010 and April 30, 2011 were $37.9 million and $46.2 million, respectively, and consisted primarily of cash, money market funds and certificates of deposit with maturities of less than one year 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 and Euro. 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 July 31, 2011, we had 101 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 annually in advance. We generated revenues of $144.7 million in fiscal year 2010 and $121.5 million for the nine months ended April 30, 2011. We generated net income of $15.5 million in fiscal year 2010 and $33.5 million for the nine months ended April 30, 2011, including a benefit of $24.4 million related to a release of a significant portion of our tax valuation allowance during the three months ended April 30, 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 $1.3 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 over $50 billion annually 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:

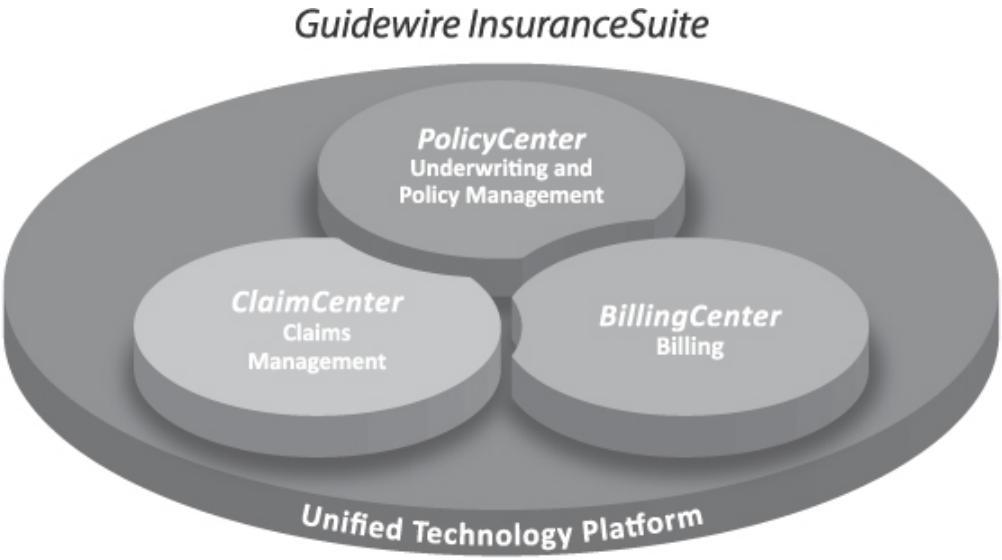
- ***Continue to innovate and extend our technology leadership.*** Our long-term vision is to be the leading end-to-end software platform for all core processes of P&C insurance carriers. We intend to enhance the functionality of our industry-leading software through continued focus on product innovation 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, 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 often represent over 60 cents of every premium revenues 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 July 31, 2011, we had 101 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, 2008, 2009 and 2010 and the nine months ended April 30, 2011, no single customer 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 and 2010 and the nine months ended April 30, 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 April 30, 2011, we employed 18 direct sales representatives with, on average, 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 April 30, 2011, our research and development department had 190 employees. We incurred $21.2 million, $22.4 million, $28.3 million and $24.7 million in research and development expenses for the fiscal years 2008, 2009 and 2010 and the nine months ended April 30, 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 July 31, 2011, we owned 7 issued U.S. patents, which are scheduled to expire from 2013 through 2026. 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 have previously been 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. The patents that were the subject of this action have been found invalid by the Delaware Court, but Accenture has appealed the judgment of the Delaware Court with respect to one of these patents. In addition, we have sued Accenture over its alleged infringement of certain of our intellectual property rights and Accenture has counterclaimed that we infringe certain of their intellectual property rights. Our patent litigation with Accenture is on-going 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 April 30, 2011, we had 610 employees, including 93 in sales and marketing, 270 in services and support, 190 in research and development and 57 in a general and administrative capacity. As of April 30, 2011, we had 493 employees in the United States and 117 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 worldwide 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. 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 existing 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 has alleged infringement of U.S. Patent Nos. 7,013,284, or the '284 patent, and 7,017,111, or the '111 patent, by our products; trade-secret misappropriation; and tortious interference with business relations. We denied Accenture's claims, and we asserted counterclaims seeking a declaration that our products do not infringe either patent, that both 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 November 2009, Accenture filed an additional lawsuit against us 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, or the ‘240 patent, by our products. We filed a response denying Accenture’s allegations and later amended that response to allege inequitable conduct against Accenture in obtaining the ‘240 patent.

In March 2010, the Delaware Court ruled on claim construction of the ‘111 patent and as a result of that ruling Accenture stated that it would not pursue the ‘111 patent at trial against us, 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 the ‘240 patent. 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 and ‘111 patents are invalid. On June 22, 2011, the Delaware Court approved the parties Stipulation and Partial Dismissal under which Accenture’s claims for patent infringement with respect to the ‘111 and ‘240 patents as well as its claims for trade secret misappropriation and tortious interference with business relations were dismissed, with prejudice, excepting claims for the ‘284 patent, and our 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 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.

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, 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, or the ‘382 patent, by our ClaimCenter software product. No trial date has been set for this case. We believe this case lacks merit. We believe that we have strong defenses to the ‘382 patent and intend to defend ourselves vigorously against Accenture’s claims of infringement. However, we are unable to predict the likelihood of success of Accenture’s infringement claim.

On August 16, 2011, Accenture filed an answer in the EDVA Lawsuit and counterclaimed alleging that our 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. A hearing on Accenture’s motion to transfer is expected to be held on September 9, 2011. We believe these counterclaims lack merit and intend to defend ourselves vigorously. However, we are unable to predict the likelihood of success of these counterclaims.

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 April 30, 2011:

Name	Age	Position
Marcus S. Ryu	37	President, Chief Executive Officer, Co-Founder and Director
Karen Blasing	54	Chief Financial Officer
Peter A. Espinosa	51	Vice President, Worldwide Sales
Jeremy Henrickson	36	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]	56	Director, Executive Chairman
Neal Dempsey[2]	60	Director
Steven M. Krausz[1][3]	56	Director
Craig Ramsey[2]	64	Director
Clifton Thomas Weatherford[1][3]	64	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.

Peter A. Espinosa has served as our Vice President of Worldwide Sales since 2008. Prior to joining Guidewire, from 2004 to 2008, Mr. Espinosa worked as Vice President of Worldwide Sales at Solidus Networks, Inc. (d/b/a Pay By Touch), a biometrics payments company. Mr. Espinosa holds a B.A. in Speech Communication and Political Science from Luther College.

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.

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. (later acquired by Cisco Systems, Inc.), a developer of XML processing applications. Mr. Henrickson holds a B.S. and an M.S. in Computer Science from Stanford University.

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 that was acquired by Cisco Systems, Inc. in 1996. 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. 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 . 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 annual meeting of stockholders to be held during the years 2012 for the Class I directors, 2013 for the Class II directors and 2014 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 . Under the rules of , 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 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 , 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 , 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 . 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 . 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:

- Ÿ appointing, compensating and overseeing the work of our independent auditors;
- Ÿ approving engagements of the independent auditors to render any audit or permissible non-audit services;
- Ÿ reviewing the qualifications and independence of the independent auditors;
- Ÿ monitoring the rotation of partners of the independent auditors on our engagement team as required by law;
- Ÿ reviewing our financial statements and reviewing our critical accounting policies and estimates;
- Ÿ reviewing the adequacy and effectiveness of our internal controls; and
- Ÿ 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 each of and as an “audit committee financial expert,” as defined under the rules of the SEC. Our board of directors has concluded that the composition of our audit committee meets the requirements for independence under the current requirements of and SEC rules and regulations. We believe that the functioning of our audit committee complies with the applicable requirements of 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:

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

- Ÿ evaluating and making recommendations regarding the organization and governance of the board of directors and its committees;
- Ÿ assessing the performance of members of the board of directors and making recommendations regarding committee and chair assignments;
- Ÿ recommending desired qualifications for board of directors membership and conducting searches for potential members of the board of directors; and
- Ÿ 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 .

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

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.

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;

- Ÿ provide total compensation opportunities that are affordable and consistent with our business goals;
- Ÿ 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;
- Ÿ 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;
- Ÿ provide a core level of welfare and other benefits; and
- Ÿ 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; and
- Ÿ general assistance in enhancing our executive compensation program in anticipation of an initial public offering of our equity securities.

Compensia serves 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 %, which was the sum of our actual performance against the Net Actual Recurring Revenues metric (% weighted 50%), against the Customer Reference metric (% weighted 25%), and against the Non-GAAP Operating Income metric (% 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	%	%	$
Ms. Blasing	$ 85,000	%	%	$
Mr. Naddaff	$ 95,000	%	%	$
Mr. Henrickson	$ 35,000	%	%	$

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, their individual performance for the preceding fiscal year, and 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, Espinosa and Naddaff were granted RSUs 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 three awards of RSUs covering an aggregate total of 878,800 shares of our common stock. These RSUs are discussed in more detail below.

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 either the sale of the company or the lapse of a 180-day period following an initial public offering of our equity securities), 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 either a sale of the company or an initial public offering of our equity securities 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 would 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.

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	$	$ 1,494	$
Karen Blasing Chief Financial Officer	$250,000	$ 187,500	$ 86,597	$	$ 1,195	$
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	$	$ 1,378	$
Alexander C. Naddaff Vice President, Professional Services	$209,551	$ 758,800	$173,195	$	$ 408	$
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 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 acceleration computed in accordance with ASC Topic 718.

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)	—	2/28/2012	—	—
	280,000(3)	—	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 sale 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 sale 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:

- Ÿ 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
- Ÿ 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 .75 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.

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 estimated price range set forth on the cover page 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.

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 sale 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 November 9, 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 sale 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.

2006 Stock Plan

Our 2006 Stock Plan, or the 2006 Plan, was adopted by our board of directors and approved by our stockholders in 2006 and was subsequently amended and restated. As of April 30, 2011, we have reserved 13,317,637 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.

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 April 30, 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 April 30, 2011, we have reserved 3,500,000 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.

Future Equity Awards

In connection with this offering, we expect to amend and restate our 2006 Plan to add new types of equity-based awards, such as RSUs, and to add provisions necessary or typical for public companies. Since we will have the ability to grant RSUs under the new amended and restated plan, we will no longer make new grants under our 2010 Plan following this offering.

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:

- Ÿ any breach of the director's duty of loyalty to us or our stockholders;
- Ÿ any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- Ÿ unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- Ÿ 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, Craig Conway, 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.

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.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of April 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:

- Ÿ each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- Ÿ each of our named executive officers;
- Ÿ each of our directors; and
- Ÿ 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 April 30, 2011. For purposes of calculating each person's or group's percentage ownership, stock options and warrants exercisable within 60 days after April 30, 2011 are included for that person or group but not the stock options or warrants of any other person or group.

Applicable percentage ownership is based on 39,516,598 shares of our common stock outstanding as of April 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.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering	
Name and Address of Beneficial Owner	Shares	Percentage	Shares	Percentage
5% or Greater Stockholders:				
Funds affiliated with U.S. Venture Partners(1)	11,821,320	29.91%	11,821,320	
Funds affiliated with Bay Partners(2)	9,720,929	24.60%	9,720,929	
Funds affiliated with Battery Ventures(3)	2,501,645	6.33%	2,501,645	
Named Executive Officers and Directors:				
Marcus S. Ryu(4)	1,952,355	4.86%	1,952,355	
Karen Blasing(5)	473,057	1.18%	473,057	
Peter A. Espinosa(6)	435,689	1.09%	435,689	
Jeremy Henrickson(7)	137,500	*	137,500	
Alexander C. Naddaff(8)	381,875	*	381,875	
John V. Raguin(9)	1,573,182	3.93%	1,573,182	
Kenneth W. Branson(10)	2,064,732	5.16%	2,064,732	
Craig Conway(11)	76,875	*	76,875	
Neal Dempsey(2)	9,720,929	24.60%	9,720,929	
Steven M. Krausz(1)	11,821,320	29.91%	11,821,320	
Craig Ramsey(12)	1,865,598	4.70%	1,865,598	
Clifton Thomas Weatherford(13)	107,000	*	107,000	
All directors and executive officers as a group (12 persons)(14)	30,610,112	71.62%	30,610,112	

(*) Represents beneficial ownership of less than 1%.
(1) Includes 11,569,531 shares held by U.S. Venture Partners VIII, L.P., 108,388 shares held by USVP Entrepreneur Partners VIII-A, L.P., 85,249 shares held by USVP VIII Affiliates Fund, L.P., and 58,152 shares held by USVP Entrepreneur Partners VIII-B, L.P. 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 9,210,847 shares held by Bay Partners X, L.P. and 510,082 shares held by 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 2,501,645 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. Each of Messrs. Agrawal, Brown, Crotty, Dhaliwal, Frisbie, Lawler, Lee, Tabors and Tobin disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. The mailing address of the individuals and entities affiliated with Battery Ventures is 930 Winter Street, Suite 2500, Waltham, MA 02451.
(4) Includes RSUs of 86,173 shares of common stock that are fully vested within 60 days of April 30, 2011, and options to purchase 550,000 shares of common stock that are exercisable within 60 days of April 30, 2011.
(5) Includes options to purchase 473,057 shares of common stock that are exercisable within 60 days of April 30, 2011.
(6) Includes RSUs of 2,500 shares of common stock that are fully vested within 60 days of April 30, 2011, and options to purchase 433,189 shares of common stock that are exercisable within 60 days of April 30, 2011.
(7) Includes RSUs of 7,500 shares of common stock that are fully vested within 60 days of April 30, 2011, and options to purchase 100,000 shares of common stock that are exercisable within 60 days of April 30, 2011.
(8) Includes RSUs of 11,875 shares of common stock that are fully vested within 60 days of April 30, 2011, and options to purchase 245,000 shares of common stock that are exercisable within 60 days of April 30, 2011.
(9) Includes options to purchase 470,000 shares of common stock that are exercisable within 60 days of April 30, 2011
(10) Includes options to purchase 490,000 shares of common stock that are exercisable within 60 days of April 30, 2011.
(11) Includes RSUs of 76,875 shares of common stock that are fully vested within 60 days of April 30, 2011.
(12) Includes options to purchase 166,944 shares of common stock that are exercisable within 60 days of April 30, 2011.
(13) Includes RSUs of 7,000 shares of common stock that will be vested within 60 days of April 30, 2011 and options to purchase 100,000 shares of common stock that are exercisable within 60 days of April 30, 2011.
(14) Consists of (i) 27,389,999 shares held of record by the current directors and Named Executive Officers; (ii) options to purchase 3,028,190 shares of common stock that are exercisable within 60 days of April 30, 2011; and (iii) RSUs of 191,923 shares of common stock that are fully vested within 60 days of April 30, 2011.

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 April 30, 2011, assuming the conversion of all outstanding shares of our convertible preferred stock on a one-for-one basis into common stock, we had 39,516,598 shares of common stock, held of record by 254 stockholders. In addition, as of April 30, 2011, we had outstanding options to purchase 8,065,964 shares of common stock issuable upon the exercise of options, with a weighted average exercise price of $2.64 per share, 3,491,773 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 April 30, 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 April 30, 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:

- Ÿ 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;
- Ÿ 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

- Ÿ 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:

- Ÿ any merger or consolidation involving the corporation and the interested stockholder;
- Ÿ any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- Ÿ 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;
- Ÿ 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
- Ÿ 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 .

Listing

We intend to apply to list our common stock for quotation on the 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 April 30, 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 39,516,598 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	
90 days after 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 8,065,964 shares of our common stock that were subject to stock options outstanding as of April 30, 2011, options to purchase 7,842,496 shares of common stock were exercisable as of April 30, 2011 and will be eligible for sale 90 days following the effective date of this offering (includes outstanding options under both our 2006 Plan and our 2010 Plan).

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 April 30, 2011, 5,012,195 shares of our outstanding common stock had been issued 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:

- Ÿ banks, insurance companies or other financial institutions;
- Ÿ persons subject to the alternative minimum tax;
- Ÿ tax-exempt organizations;
- Ÿ controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid United States federal income tax;
- Ÿ dealers in securities or currencies;
- Ÿ traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- Ÿ persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- Ÿ certain former citizens or long-term residents of the United States;
- Ÿ persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- Ÿ 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
- Ÿ 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:

- Ÿ an individual citizen or resident of the United States;
- Ÿ 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;
- Ÿ an estate whose income is subject to U.S. federal income tax regardless of its source; or
- Ÿ 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:

- Ÿ 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.

We intend to apply to list our common stock on the 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 , 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, 2009 and 2010, and for each of the years in the three-year period ended July 31, 2010, 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, 2009 and 2010, 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, 2010. 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, 2009 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended July 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Mountain View, California
March 1, 2011 except as
to Notes 9 and 12 which
are as of August 26, 2011

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands, except share and per share data)

	July 31, 2009	July 31, 2010	April 30, 2011	Pro Forma Stockholders' Equity as of April 30, 2011 (Note 1)
			(unaudited)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 27,585	$ 37,411	$ 40,121	
Restricted cash, current portion	11	513	2,229	
Accounts receivable, net of allowance for doubtful accounts of $427, as of July 31, 2009	20,835	16,422	30,486	
Deferred tax asset, current portion	—	—	3,845	
Other current assets	2,571	2,917	3,831	
Total current assets	51,002	57,263	80,512	
Property and equipment, net	1,899	2,764	3,964	
Restricted cash, net of current portion	1,700	—	3,820	
Deferred tax asset, net of current portion	—	—	18,475	
Other assets	140	28	113	
TOTAL ASSETS	$ 54,741	$ 60,055	$106,884	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Accounts payable	$ 3,255	$ 3,668	$ 3,253	
Accrued employee compensation	13,838	17,370	13,555	
Deferred revenues, current portion	45,017	38,967	45,432	
Other current liabilities	2,415	2,640	3,980	
Total current liabilities	64,525	62,645	66,220	
Deferred revenues, net of current portion	33,664	21,182	26,660	
Other liabilities	1,200	1,373	650	
Total liabilities	99,389	85,200	93,530	
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, 2009, 2010 and April 30, 2011 (unaudited); 25,357,721 shares issued and outstanding as of July 31, 2009, 2010 and April 30, 2011 (unaudited), actual; liquidation preference of $36,586 as of July 31, 2009, 2010 and April 30, 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, 2009, 2010 and April 30, 2011 (unaudited); 13,401,729, 13,772,656 and 14,158,877 shares issued and outstanding as of July 31, 2009, 2010 and April 30, 2011 (unaudited), actual; 39,516,598 shares issued and outstanding, pro forma (unaudited)	1	1	1	4
Additional paid-in capital	8,481	12,620	17,573	54,070
Accumulated other comprehensive income (loss)	(181)	(336)	(278)	(278)
Accumulated deficit	(89,449)	(73,930)	(40,442)	(40,442)
Total stockholders' equity (deficit)	(44,648)	(25,145)	13,354	$ 13,354
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 54,741	$ 60,055	$106,884	

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,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Revenues:					
License	$ 16,202	$ 26,996	$ 60,315	$ 39,138	$ 47,890
Maintenance	5,531	9,572	18,702	13,934	15,420
Services	48,923	48,177	65,674	45,837	58,155
Total revenues	70,656	84,745	144,691	98,909	121,465
Cost of revenues:					
License	555	349	267	231	441
Maintenance	2,018	2,628	3,685	2,791	2,850
Services	39,875	38,679	51,519	36,772	46,196
Total cost of revenues	42,448	41,656	55,471	39,794	49,487
Gross profit:					
License	15,647	26,647	60,048	38,907	47,449
Maintenance	3,513	6,944	15,017	11,143	12,570
Services	9,048	9,498	14,155	9,065	11,959
Total gross profit	28,208	43,089	89,220	59,115	71,978
Operating expenses:					
Research and development	21,162	22,356	28,273	20,601	24,704
Sales and marketing	15,718	21,559	26,741	19,112	19,315
General and administrative	8,506	9,646	16,192	12,905	16,069
Total operating expenses	45,386	53,561	71,206	52,618	60,088
Income (loss) from operations	(17,178)	(10,472)	18,014	6,497	11,890
Interest income (expense), net	443	27	95	(17)	100
Other income (expense), net	—	(123)	(391)	(400)	1,221
Income (loss) before provision for income taxes	(16,735)	(10,568)	17,718	6,080	13,211
Provision for (benefit from) income taxes	148	398	2,199	694	(20,277)
Net income (loss)	$ (16,883)	$ (10,966)	$ 15,519	$ 5,386	$ 33,488
Net income (loss) per share attributable to common stockholders:					
Basic	$ (1.28)	$ (0.83)	$ 0.32	$ 0.08	$ 0.79
Diluted	$ (1.28)	$ (0.83)	$ 0.30	$ 0.07	$ 0.74
Shares used in computing net income (loss) per share attributable to common stockholders:					
Basic	13,195,733	13,284,938	13,535,736	13,509,038	14,012,799
Diluted	13,195,733	13,284,938	15,933,374	15,847,015	16,879,578
Pro forma net income per share attributable to common stockholders (unaudited):					
Basic			$ 0.40		$ 0.85
Diluted			$ 0.38		$ 0.79
Shares used in computing pro forma net income per share attributable to common stockholders (unaudited)					
Basic			38,893,457		39,370,520
Diluted			41,291,095		42,237,299

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, 2007	20,543,493	$ 12,315	14,612,619	$ 1	$ 6,982	$ 72	$ (61,600)	$ (42,230)
Issuance of Series C convertible preferred stock, net of issuance costs of $50	4,940,870	24,822	—	—	—	—	—	24,822
Issuance of common stock upon exercise of stock options	—	—	18,017	—	6	—	—	6
Repurchase of Series A convertible preferred stock	(126,642)	(637)	—	—	—	—	—	(637)
Repurchase of common stock from Founders	—	—	(1,281,740)	—	(4,486)	—	—	(4,486)
Stock-based compensation	—	—	—	—	3,124	—	—	3,124
Comprehensive income (loss):								
Net loss	—	—	—	—	—	—	(16,883)	(16,883)
Foreign currency translation adjustment	—	—	—	—	—	(491)	—	(491)
Total comprehensive loss								(17,374)
Balance as of July 31, 2008	25,357,721	36,500	13,348,896	1	5,626	(419)	(78,483)	(36,775)
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)	(89,449)	(44,648)
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	—	—	—	—	—	(155)	—	(155)
Total comprehensive income								15,364
Balance as of July 31, 2010	25,357,721	36,500	13,772,656	1	12,620	(336)	(73,930)	(25,145)
Issuance of common stock upon exercise of stock options (unaudited)	—	—	386,221	—	642	—	—	642
Stock-based compensation (unaudited)	—	—	—	—	4,311	—	—	4,311
Comprehensive income (loss):								
Net income (unaudited)	—	—	—	—	—	—	33,488	33,488
Foreign currency translation adjustment (unaudited)	—	—	—	—	—	58	—	58
Total comprehensive income (unaudited)								33,546
Balance as of April 30, 2011 (unaudited)	25,357,721	$ 36,500	14,158,877	$ 1	$ 17,573	$ (278)	$ (40,442)	$ 13,354

See accompanying notes to consolidated financial statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(in thousands)

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$(16,883)	$(10,966)	$ 15,519	$ 5,386	$ 33,488
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,185	1,306	1,376	1,005	1,035
Provision for doubtful accounts	1,122	(695)	(427)	5	—
Loss on sale of fixed assets	65	—	—	—	—
Compensation to Founders arising from repurchase of stock	998	—	—	—	
Stock-based compensation	3,124	2,789	3,354	2,454	4,311
Changes in operating assets and liabilities:					
Accounts receivable	(902)	(6,252)	4,957	(1,464)	(13,500)
Prepaid expenses and other assets	(716)	(1,167)	(215)	285	(892)
Deferred tax assets	—	—	—	—	(22,320)
Accounts payable	(542)	(125)	442	1,090	(496)
Accrued employee compensation	(146)	8,894	3,460	(1,569)	(4,180)
Other liabilities	(1,723)	1,964	336	(593)	434
Deferred revenues	10,959	15,631	(19,268)	(8,790)	10,065
Net cash provided by (used in) operating activities	(3,459)	11,379	9,534	(2,191)	7,945
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(1,672)	(1,169)	(2,238)	(1,582)	(2,229)
Proceeds from sale of fixed assets	274	—	—	—	—
Decrease (increase) in restricted cash	(511)	149	1,198	299	(5,534)
Net cash used in investing activities	(1,909)	(1,020)	(1,040)	(1,283)	(7,763)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of common stock upon exercise of stock options	6	66	785	167	642
Repurchase of Founders' common stock	(5,484)	—	—	—	—
Repurchase of Series A convertible preferred stock	(637)	—	—	—	—
Proceeds from the issuance of Series C convertible preferred stock, net of issuance costs	24,822	—	—	—	—
Net cash provided by financing activities	18,707	66	785	167	642
Effect of foreign exchange rate changes on cash and cash equivalents	(274)	(539)	547	653	1,886
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,065	9,886	9,826	(2,654)	2,710
CASH AND CASH EQUIVALENTS—Beginning of period	4,634	17,699	27,585	27,585	37,411
CASH AND CASH EQUIVALENTS—End of period	$ 17,699	$ 27,585	$ 37,411	$24,931	$ 40,121
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid for interest	$ —	$ 13	$ 14	$ —	$ 52
Cash paid for income taxes	$ 902	$ 505	$ 1,036	$ 535	$ 1,618
NONCASH INVESTING AND FINANCING ACTIVITIES:					
Conversion of convertible notes and interest into Series C convertible preferred stock	$ 2,013	$ —	$ —	$ —	$ —

See accompanying notes to consolidated financial statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

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, Hong Kong, 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 April 30, 2011, the consolidated interim statements of operations and cash flows during the nine months ended April 30, 2010 and 2011

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

and the interim consolidated statements of stockholders' equity (deficit) and comprehensive income (loss) during the nine months ended April 30, 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 April 30, 2011 and its consolidated statements of income and cash flows during the nine months ended April 30, 2010 and 2011. The financial data and the other financial information disclosed in these notes to the consolidated financial statements related to the nine months ended April 30, 2010 and 2011 are also unaudited. The consolidated statements of operations during the nine months ended April 30, 2011 are not necessarily indicative of the results to be expected during the year ending July 31, 2011 or for any other future annual or interim period.

Unaudited Pro Forma Stockholders' Equity

The unaudited pro forma stockholders' equity as of April 30, 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
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

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 April 30, 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.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, consisting of property and equipment 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, 2008, 2009, 2010 and the nine months ended April 30, 2010 and 2011 or total accounts receivable as of July 31, 2009, 2010 and April 30, 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 it determines a balance is uncollectible and no longer actively pursues collection of the receivable. The Company recognized charges to bad debt expense of $1.1 million and $5,000 during the year ended July 31, 2008 and the nine months ended April 30, 2010, respectively, and benefits as a result of late collections in the amounts of $695,000 and $427,000 during the years ended July 31, 2009 and 2010,

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

respectively. The Company did not recognize any charges or benefits through bad debt expense during the nine months ended April 30, 2011. The Company's accounts receivable are not collateralized by any security.

	Balance at Beginning of Period	Additions Charged to Expense	Deductions	Balance at End of Period
	(in thousands)			
Nine months ended April 30, 2011 (unaudited):				
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
Year ended July 31, 2008:				
Accounts receivable allowance	$ —	$ 1,122	$ —	$ 1,122

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 allocate the total revenues among elements based on vendor-specific objective evidence, or VSOE of fair value of each element.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

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 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.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

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, 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, 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, $1.1 million and $0.4 million for fiscal year 2010 and the nine months ended April 30, 2010 and April 30, 2011, respectively, and for service revenues was $2.4 million, $1.3 million and $0.3 million for fiscal year 2010 and the nine months ended April 30, 2010 and April 30, 2011, respectively. There was no material cumulative effect adjustments for fiscal years 2008 and 2009.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

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 $130,000, $159,000, $244,000, $109,000 and $157,000 during the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 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

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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 2009 and 2010 financial statements have been reclassified in order to conform to the April 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.

2. Fair Value of Financial Instruments

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis:

	As of July 31,		
	2008	2009	2010
	(in thousands)		
Money market funds	$11,433	$ —	$ —
Certificates of deposit	1,861	1,711	513
Total	$13,294	$ 1,711	$ 513

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	As of April 30,	
	2010	2011
	(unaudited)	
	(in thousands)	
Money market funds	$ —	$ 5,004
Certificates of deposit	1,413	6,049
Total	$ 1,413	$11,053

3. Balance Sheet Components

Property and Equipment

Property and equipment consist of the following:

	July 31,		April 30,
	2009	2010	2011
			(unaudited)
	(in thousands)		
Computer hardware	$ 3,568	$ 5,127	$ 5,927
Software	709	1,025	2,351
Furniture and fixtures	156	205	220
Leasehold improvements	775	959	1,027
Total property and equipment	5,208	7,316	9,525
Less accumulated depreciation and amortization	(3,309)	(4,552)	(5,561)
Property and equipment, net	$ 1,899	$ 2,764	$ 3,964

As of July 31, 2009, 2010 and April 30, 2011, no property and equipment was pledged as collateral against borrowings. Amortization of leasehold improvements is included in depreciation expense. Depreciation expense was $1.2 million, $1.3 million, $1.4 million, $1.0 million and $1.0 million during the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 2010 and 2011.

Other Current Assets

Other current assets consist of the following:

	July 31,		April 30,
	2009	2010	2011
			(unaudited)
	(in thousands)		
Prepaid expenses	$1,996	$1,712	$ 3,103
Deferred costs—short term	127	6	—
Other receivables	448	1,199	728
Total	$2,571	$2,917	$ 3,831

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Accrued Employee Compensation

Accrued employee compensation consists of the following:

	July 31, 2009	July 31, 2010	April 30, 2011 (unaudited)
		(in thousands)	
Accrued bonuses	$ 6,957	$ 8,123	$ 6,022
Accrued commission	2,034	2,544	916
Accrued vacation	3,647	4,641	4,695
Payroll accruals	1,200	2,062	1,922
Total	$13,838	$17,370	$ 13,555

Other Current Liabilities

The components of other current liabilities are as follows:

	July 31, 2009	July 31, 2010	April 30, 2011 (unaudited)
		(in thousands)	
Rent	$1,543	$1,007	$ 724
Sales tax	161	53	460
Professional services	—	—	573
Other accruals	711	1,580	2,223
Total	$2,415	$2,640	$ 3,980

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.

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Lease expense for all worldwide facilities and equipment, which is being recognized on a straight-line basis over terms of the various leases, was $2.1 million, $1.5 million, $1.9 million, $1.3 million and $1.5 million during the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 2010 and 2011. 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, 2010:

Year Ending July 31:	(in thousands)
2011	$ 2,298
2012	2,144
2013	66
2014	66
2015 and beyond	128
Total	$ 4,702

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 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)
2011	$ 1,229
2012	1,160
Total	$ 2,389

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. With respect to this matter, management has determined that a potential loss is not probable and accordingly, no amount has been accrued. Notwithstanding the foregoing, management has determined a potential loss is reasonably possible, but, based on its current knowledge, management does not believe that the amount of any possible loss or range of potential losses is reasonably estimable.

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, 2009, 2010 and April 30, 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, 2009, 2010 and April 30, 2011:

	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

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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 April 30, 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 April 30, 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.

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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 April 30, 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 April 30, 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.

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7. Common Stock Reserved for Issuance

As of April 30, 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, 2009, 2010 and April 30, 2011, the Company had reserved shares of common stock, on an as-if-converted basis, for issuance as follows:

	July 31,		April 30,
	2009	2010	2011
			(unaudited)
Exercise of stock options to purchase common stock	7,977,834	8,747,198	8,065,964
Issuances of shares available under stock option plans	498,879	1,358,588	93,056
Vesting of restricted stock units	—	105,231	3,491,773
Issuances of shares available under RSU plan	—	394,769	8,227
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
	33,903,963	36,033,036	37,086,270

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, 2008 and 2010, an additional 2,160,188 and 2,000,000 shares 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.

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 reduce by 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, 2007	1,958,611	4,428,764	$ 1.20	8.7	$ 6,819
Additional shares authorized	2,160,188	—	—		
Granted	(2,767,383)	2,767,383	3.26		
Exercised	—	(108,218)	1.60		
Cancelled	367,220	(367,220)	2.30		
Repurchased	90,201	—	—		
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
Exercised (unaudited)	—	(388,391)	1.62		
Cancelled (unaudited)	292,843	(292,843)	3.53		
Repurchased (unaudited)	2,170	—	—		
Transfer to 2010 Plan (unaudited)	(1,560,545)	—	—		
Balance as of April 30, 2011 (unaudited)	93,056	8,065,964	2.64	6.6	39,224
Exercisable as of July 31, 2010		8,364,446	2.57	6.5	9,263
Vested and expected to vest as of July 31, 2010		8,074,470	2.54	7.2	9,549
Exercisable as of April 30, 2011 (unaudited)		7,842,496	2.60	6.2	38,409
Vested and expected to vest as of April 30, 2011 (unaudited)		7,660,829	2.58	6.5	37,705

The options exercisable as of July 31, 2010 include options that are exercisable prior to vesting. The weighted average grant date fair value of options granted during the years ended July 31, 2008,

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2009, 2010 and the nine months ended April 30, 2010 and 2011 was $1.81, $1.83, $2.14, $2.14 and zero, 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 $3.65 and $7.50 as of July 31, 2010 and April 30, 2011, respectively. The total intrinsic value of options exercised was $202,000, $144,000, $659,000 and $921,000 for the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 2011, respectively. The total estimated grant date fair value of options vested during the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 2011 was $761,000, $2.5 million, $2.4 million and $2.6 million, respectively.

Additional information regarding options outstanding as of July 31, 2010 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	3.3	$ 0.05	65,000	$ 0.05
0.16	605,944	4.7	0.16	605,944	0.16
0.50	1,318,000	5.4	0.50	1,318,000	0.50
1.00	133,500	5.8	1.00	133,500	1.00
1.25	272,000	5.8	1.25	272,000	1.25
1.78	256,600	6.1	1.78	256,600	1.78
2.03	8,000	6.4	2.03	8,000	2.03
2.56	127,500	6.4	2.56	127,500	2.56
2.74	1,470,604	7.0	2.74	1,440,778	2.74
3.50	1,197,484	7.6	3.50	1,150,937	3.50
3.73	1,921,289	8.7	3.73	1,776,902	3.73
3.92	1,132,477	9.4	3.92	1,021,285	3.92
4.50	238,800	9.7	4.50	188,000	4.50
	8,747,198			8,364,446	

Additional information regarding options outstanding as of April 30, 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	2.5	$ 0.05	65,000	$ 0.05
0.16	605,944	4.0	0.16	605,944	0.16
0.50	1,120,000	4.7	0.50	1,120,000	0.50
1.00	126,500	5.0	1.00	126,500	1.00
1.25	228,000	5.1	1.25	228,000	1.25
1.78	241,600	5.4	1.78	241,600	1.78
2.03	8,000	5.6	2.03	8,000	2.03
2.56	121,500	5.6	2.56	121,500	2.56
2.74	1,418,000	6.2	2.74	1,411,852	2.74
3.50	993,506	6.9	3.50	970,699	3.50
3.73	1,858,957	7.9	3.73	1,762,610	3.73
3.92	1,052,460	8.6	3.92	988,561	3.92
4.50	226,497	8.9	4.50	192,230	4.50
	8,065,964			7,842,496	

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

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 nine months ended April 30, 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 purchase an aggregate of 123,800 shares of common stock from 28 eligible participants. 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 the sale of the Company or 180 days after the Company's initial public offering.

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.

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 a sale of the Company or an initial public offering of the Company's equity securities prior to termination of employment with 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:

		RSUs Outstanding		
	Number of RSUs Available for Grant	Number of RSUs Outstanding	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (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 (unaudited)	3,000,000	—		
Granted (unaudited)	(3,440,500)	3,440,500		
Released (unaudited)	—	—		
Cancelled (unaudited)	53,958	(53,958)		
Balance as of April 30, 2011 (unaudited)	8,227	3,491,773	9.7	$ 26,188

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.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
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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 straight-line method for expense attribution. 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,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011(1)
				(unaudited)	
Expected term (in years)	6.08	6.08	6.08	6.08	—
Risk-free interest rate	3.0 - 4.5%	2.2 - 3.5%	2.7 - 3.1%	2.9 - 3.1%	—
Expected volatility	51.5 - 58.2%	48.5 - 52.3%	50.3 - 54.4%	50.3 - 54.4%	—
Expected dividend rate	0%	0%	0%	0%	—

(1) No options were issued during the nine months ended April 30, 2011.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

Stock-based compensation expense included in operating results amounted to approximately $3.1 million, $2.8 million, $3.4 million, $2.5 million and $4.3 million during the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 2010 and 2011, and this expense was included in cost of revenues and in operating expenses as follows:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(in thousands)	(unaudited)	
Cost of revenues	$ 737	$ 780	$ 925	$ 695	$ 999
Research and development	872	688	769	565	943
Sales and marketing	825	857	755	559	630
General and administrative	690	464	905	635	1,739
Total stock-based compensation	$3,124	$2,789	$3,354	$2,454	$4,311

As of July 31, 2010 and April 30, 2011, total unrecognized compensation cost, adjusted for estimated forfeitures, was as follows:

	As of July 31, 2010		As of April 30, 2011	
	Unrecognized Expense (in thousands)	Average Expected Recognition Period (in years)	Unrecognized Expense (in thousands)	Average Expected Recognition Period (in years)
			(unaudited)	
Stock options	$ 2,389	2.7	$ 916	2.3
Restricted stock units	285	4.0	7,279	3.7
Total unrecognized stock-based compensation expense	$ 2,674		$ 8,195	

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
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9. Net Income (Loss) per Share Attributable to Common Stockholders

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, 2008, 2009, 2010 and the nine months ended April 30, 2010 and 2011:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
	(in thousands, except share and per share data)				
Net income (loss) attributable to common stockholders:					
Net income (loss)	$ (16,883)	$ (10,966)	$ 15,519	$ 5,386	$ 33,488
Non-cumulative dividends to preferred stockholders	—	—	(3,291)	(2,468)	(2,468)
Undistributed earnings allocated to preferred stockholders	—	—	(7,924)	(1,901)	(19,905)
Net income (loss) attributable to common stockholders, basic	$ (16,883)	$ (10,966)	$ 4,304	$ 1,017	$ 11,115
Adjustments to net income (loss) for dilutive options and restricted stock units	—	—	457	108	1,346
Net income (loss) attributable to common stockholders, diluted	$ (16,883)	$ (10,966)	$ 4,761	$ 1,125	$ 12,461
Net income (loss) per share attributable to common stockholders:					
Basic	$ (1.28)	$ (0.83)	$ 0.32	$ 0.08	$ 0.79
Diluted	$ (1.28)	$ (0.83)	$ 0.30	$ 0.07	$ 0.74
Weighted average shares used in computing net income (loss) per share attributable to common stockholders:					
Basic	13,195,733	13,284,938	13,535,736	13,509,038	14,012,799
Weighted average effect of dilutive stock options	—	—	2,397,638	2,337,977	2,351,414
Weighted average effect of dilutive restricted stock units	—	—	—	—	515,365
Diluted	13,195,733	13,284,938	15,933,374	15,847,015	16,879,578

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

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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 attributable to common stockholders during the year ended July 31, 2010 and the nine months ended April 30, 2011:

	Year Ended July 31, 2010	Nine Months Ended April 30, 2011 (unaudited)
	(in thousands, except for share and per share amounts)	
Numerator:		
Net income	$ 15,519	$ 33,488
Denominator:		
Weighted average shares used in computing pro forma net income per share attributable to common stockholders, basic	13,535,736	14,012,799
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 attributable to common stockholders, basic	38,893,457	39,370,520
Weighted average effect of dilutive stock options	2,397,638	2,351,414
Weighted average effect of dilutive restricted stock units	—	515,365
Weighted average shares used in computing pro forma net income per share attributable to common stockholders, diluted	41,291,095	42,237,299
Pro forma net income per share attributable to common stockholders:		
Basic	$ 0.40	$ 0.85
Diluted	$ 0.38	$ 0.79

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net income (loss) per share attributable to common stockholders for the periods presented because including them would have been antidilutive:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Convertible preferred stock	25,357,721	25,357,721	—	—	—
Stock options to purchase common stock	2,317,583	3,269,353	2,520,855	2,732,738	2,618,568
Common stock subject to repurchase	180,531	34,952	—	—	—
Restricted stock units	—	—	92,636	—	217,375
Series C convertible preferred stock warrants	69,529	69,529	69,529	69,529	69,529

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

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10. Income Taxes

The Company's income (loss) before provision for income taxes for the years ended July 31, 2008, 2009 and 2010 is as follows:

	Years Ended July 31,		
	2008	2009	2010
	(in thousands)		
Domestic	$ (14,238)	$ (10,700)	$ 15,179
International	(2,497)	132	2,539
Income (loss) before provision for income taxes	$ (16,735)	$ (10,568)	$ 17,718

The provision for income taxes consisted of the following:

	Years Ended July 31,		
	2008	2009	2010
	(in thousands)		
Current:			
U.S. Federal	$ —	$ 56	$ (49)
State	11	36	786
Foreign	137	306	1,462
Total current	148	398	2,199
Deferred:			
U.S. Federal	—	—	—
State	—	—	—
Foreign	—	—	—
Total deferred	—	—	—
Total provision for income taxes	$ 148	$ 398	$ 2,199

The total income tax expense differs from the amounts computed by applying the statutory federal income tax rate of 34% during the years ended July 31, 2008 and 2009 and 35% during the year ended July 31, 2010 as follows:

	Years Ended July 31,		
	2008	2009	2010
	(in thousands)		
Computed tax expense (benefit)	$ (5,719)	$ (3,593)	$ 6,202
Nondeductible items and other	1,102	968	678
State taxes, net of federal benefit	7	24	445
Foreign income taxed at different rates	906	259	574
Net operating loss, tax credit, and carryovers not benefited, net	3,852	2,740	—
Reduction in valuation allowance	—	—	(5,700)
Total provision for income taxes	$ 148	$ 398	$ 2,199

Income tax expense (benefit) for the nine months ended April 30, 2010 and 2011, was $0.7 million and $(20.3) million, respectively. The change was primarily due to the income tax benefit of

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Years Ended July 31, 2008, 2009 and 2010 and the Nine Months Ended April 30, 2010 and 2011

$24.4 million from the release of a significant portion of the tax valuation allowance in the nine months ended April 30, 2011, partially offset by a $2.1 million provision for uncertain tax benefits associated with the Company's federal and California research and development tax credits that were previously not recognized due to the valuation allowance, and a $1.3 million additional foreign and U.S. federal and state tax provision.

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,		
	2008	2009	2010
	(in thousands)		
Accruals and reserves	$ 140	$ 1,226	$ 2,059
Deferred revenues	—	1,144	1,676
Property and equipment	44	75	—
State taxes	4	12	238
Net operating loss carryforwards	26,514	26,232	19,432
Tax credits	2,421	3,437	5,694
Total deferred tax assets	29,123	32,126	29,099
Valuation allowance	(27,163)	(32,126)	(28,987)
Net deferred tax assets	1,960	—	112
Total deferred tax liabilities	(1,960)	—	(112)
Net deferred tax assets	$ —	$ —	$ —

As of July 31, 2008, 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, 2008, 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 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 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 $24.4 million was recorded for the nine months ended April 30, 2011. A valuation allowance of $1.9 million remained as of April 30, 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,		
	2008	2009	2010
	(in thousands)		
Current:			
U.S. federal	$ 70,859	$ 67,861	$47,925
California	35,196	35,196	35,196
Other states	24,454	22,786	13,687
Total	$130,509	$125,843	$96,808

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The Company had research and development tax credits ("R&D credit") carryforwards of the following:

	Years Ended July 31,		
	2008	2009	2010
	(in thousands)		
Current:			
U.S. federal	$1,387	$2,012	$3,320
California	1,568	2,162	3,530
Total	$2,955	$4,174	$6,850

The U.S. federal and California net operating loss carryforwards will start to expire in 2027 and 2016, respectively. The U.S. federal R&D credit will start to expire in 2023.

During the nine months ended April 30, 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 $463,000 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 July 31, 2010, U.S. income taxes were not provided for on the cumulative total of $967,000 undistributed earnings from certain foreign subsidiaries. As of July 31, 2010, the unrecognized deferred tax liability for these earnings was approximately $45,000.

Uncertain Tax Positions

During the year ended July 31, 2010, the long-term liability associated with unrecognized tax benefits increased by $335,000, which was primarily associated with the Company's operations in Russia. Accordingly, the amount as of July 31, 2010 was $335,000, which included $117,000 of interest and penalties.

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The following table summarizes the activity related to unrecognized tax benefits:

	Years Ended July 31,		
	2008	2009	2010
	(in thousands)		
Unrecognized benefit—beginning of period	$ —	$ —	$ —
Gross increases (decreases)—current period tax positions	—	—	335
Unrecognized benefit—end of period	$ —	$ —	$ 335

During the nine months ended April 30, 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. In that same period, the Company's unrecognized tax benefits increased by $2.1 million, associated with the Company's federal and California R&D credits. Accordingly, as of April 30, 2011, the Company had unrecognized tax benefits of $2.1 million. 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.

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
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Revenues

The following table sets forth revenues by country based on the billing address of the customer:

	Years Ended July 31,			Nine Months Ended April 30,	
	2008	2009	2010	2010	2011
			(in thousands)	(unaudited)	
United States	$51,400	$57,755	$ 85,680	$59,629	$ 67,432
Canada	5,272	13,402	15,333	11,499	18,545
Australia	8,577	5,134	7,066	3,913	11,061
Other	5,407	8,454	36,612	23,868	24,427
Total	$70,656	$84,745	$144,691	$98,909	$121,465

No other country accounted for more than 10% of revenues during the years ended July 31, 2008, 2009, 2010 and the nine months ended April 30, 2010 and 2011.

The following table sets forth the Company's property and equipment, net by geographic region:

	July 31,		April 30,
	2009	2010	2011
		(in thousands)	(unaudited)
North America	$1,862	$2,727	$ 3,901
Asia Pacific	20	23	22
Europe	17	14	41
	$1,899	$2,764	$ 3,964

13. Subsequent Events

The Company has evaluated subsequent events through March 1, 2011, the date the annual consolidated financial statements were issued. For the issuance of the financial statements for the nine months ended April 30, 2011, the unaudited interim period presented herein, such evaluation has been performed through September 2, 2011.

Legal Proceedings

On June 24, 2011, the Company filed a lawsuit against Accenture in the U.S. Federal 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) (the "EDVA Lawsuit") 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. 7,979382 by our ClaimCenter software product.

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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. A hearing on Accenture's motion to transfer is expected to be held in early September 2011.

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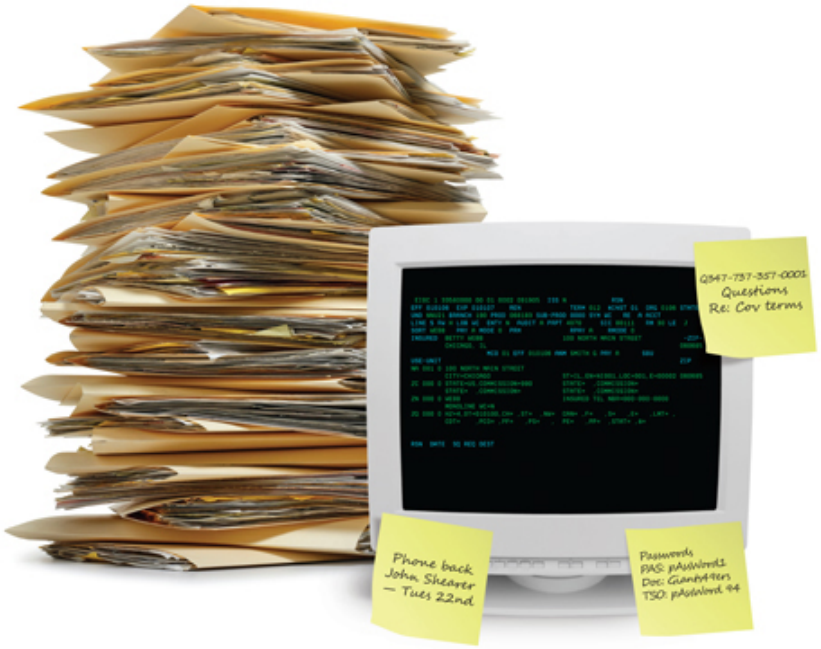
Existing Legacy System



Guidewire Solution

Shares

Common Stock

Prospectus

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

Stifel Nicolaus Weisel **Pacific Crest Securities**

, 2011

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
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 August 1, 2008 through July 31, 2011, we sold and issued to our employees, consultants or former service providers an aggregate of 1,077,601 shares of common stock pursuant to option exercises under our 2006 Stock Plan, as amended, at prices ranging from $3.50 to $7.50 per share for an aggregate purchase price of $1,792,585.

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.

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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 September 2, 2011.

GUIDEWIRE SOFTWARE, INC.

By: /S/ MARCUS S. RYU
Marcus S. Ryu
President and Chief Executive Officer

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Marcus S. Ryu and Karen Blasing, jointly and severally, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this Registration Statement and any or all amendments (including post-effective amendments) thereto and any new registration statement with respect to the offering contemplated thereby filed pursuant to Rule 462(b) of the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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)	September 2, 2011
/S/ KAREN BLASING Karen Blasing	Chief Financial Officer (Principal Financial and Accounting Officer)	September 2, 2011
/S/ KENNETH W. BRANSON Kenneth W. Branson	Director	September 2, 2011
/S/ CRAIG CONWAY Craig Conway	Director (Executive Chairman)	September 2, 2011
/S/ NEAL DEMPSEY Neal Dempsey	Director	September 2, 2011
/S/ STEVEN M. KRAUSZ Steven M. Krausz	Director	September 2, 2011
/S/ CRAIG RAMSEY Craig Ramsey	Director	September 2, 2011
/S/ CLIFTON THOMAS WEATHERFORD Clifton Thomas Weatherford	Director	September 2, 2011

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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 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*	Form of Executive Agreement.
10.6	Offer Letter to Jeremy Henrickson dated November 5, 2003.
10.7	Offer Letter to Alexander C. Naddaff dated November 15, 2002.
10.8	Sublease between Oracle USA, Inc. and the Registrant dated as of July 2, 2007.
10.9	Sublease between Oracle USA, Inc. and the Registrant dated as of December 20, 2010.
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 to this registration statement).

* To be filed by amendment.

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

GUIDEWIRE SOFTWARE, INC.

Guidewire Software, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware DOES HEREBY CERTIFY:

FIRST: The original Certificate of Incorporation of this corporation was filed with the Secretary of State of Delaware on September 20, 2001 under the name Centrica Software, Inc.

SECOND: The Amended and Restated Certificate of Incorporation of Guidewire Software, Inc. in the form attached hereto as Exhibit A has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Corporation.

THIRD: The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, Guidewire Software, Inc. has caused this Certificate to be signed by the President and the Secretary this 19th day of September, 2007.

By /s/ John Raguin
John Raguin, President

ATTEST:

By /s/ Marcus Ryu
Marcus Ryu, Secretary

EXHIBIT A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

GUIDEWIRE SOFTWARE, INC.

FIRST: The name of the corporation (hereinafter called the "Corporation") is Guidewire Software, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware and the County of New Castle is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, and the name of its registered agent at that address is Corporation Service Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH:

A. This Corporation is authorized to issue two classes of shares to be designated respectively Preferred Stock ("Preferred Stock") and Common Stock ("Common Stock"). The total number of shares of capital stock that the Corporation is authorized to issue is 80,543,493. The total number of shares of Preferred Stock this Corporation shall have authority to issue is 25,543,493. The total number of shares of Common Stock this Corporation shall have authority to issue is 55,000,000. The Preferred Stock shall have a par value of $0.0001 per share and the Common Stock shall have a par value of $0.0001 per share.

B. The Preferred Stock shall be divided into series, 15,735,800 shares of Preferred Stock are designated as "Series A Preferred Stock," 4,807,693 shares of Preferred Stock are designated as "Series B Preferred Stock," and 5,000,000 shares of Preferred Stock are designated as "Series C Preferred Stock."

C. The powers, preferences, rights, restrictions, and other matters relating to the Preferred Stock are as follows:

1. Dividends.

(a) The holders of (i) the Series A Preferred Stock shall be entitled to receive dividends at the rate of $0.024 per share per annum, (ii) the Series B Preferred Stock shall be entitled to receive dividends at the rate of $0.14 per share per annum and (iii) the Series C Preferred Stock shall be entitled to receive dividends at the rate of $0.453 per share per annum (each amount as adjusted for any stock dividends, combinations or splits with respect to such

shares (each, a “Recapitalization Event”)), payable out of funds legally available therefor. Such dividends shall be payable only when, as, and if declared by the Board of Directors and shall be non-cumulative.

(b) No dividends (other than those payable solely in the Common Stock of the Corporation or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of the Corporation) shall be paid on any Common Stock of the Corporation during any fiscal year of the Corporation until dividends in the total amount of $0.024 per share on the Series A Preferred Stock, $0.14 per share on the Series B Preferred Stock and $0.453 per share on the Series C Preferred Stock (each amount as adjusted for any Recapitalization Event and cash as set forth above in subsection 1(a)) shall have been paid or declared and set apart during that fiscal year and any prior year in which dividends have been declared but remain unpaid.

(c) After the holders of Preferred Stock have received their dividend preference as set forth above, any additional dividends or distributions declared by the Board of Directors out of funds legally available therefor shall be distributed ratably among all holders of Common Stock and Preferred Stock (on an as-converted to Common Stock basis) as of the record date fixed for determining those entitled to receive such distribution.

(d) In the event the Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights to purchase any such securities or evidences of indebtedness, then, in each such case the holders of Preferred Stock shall be entitled to a proportionate share of any such distribution as though the holders of Preferred Stock were the holders of the number of shares of Common Stock of the Corporation into which their respective shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

2. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock by reason of their ownership thereof, (i) for the Series A Preferred Stock, an amount of $0.27 per share (as adjusted for any Recapitalization Event) plus all declared but unpaid dividends on such share for each share of Series A Preferred Stock then held by them, (ii) for the Series B Preferred Stock, an amount of $1.56 per share (as adjusted for any Recapitalization Event) plus all declared but unpaid dividends on such share for each share of Series B Preferred Stock then held by them, and (iii) for the Series C Preferred Stock, an amount of $5.0339 per share (as adjusted for any Recapitalization Event) plus all declared but unpaid dividends on such share for each share of Series C Preferred Stock then held by them. If upon the occurrence of such event, the assets and funds thus distributed among the holders of Preferred Stock shall be insufficient to permit the payment to such holders of the fall aforesaid preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of Preferred Stock in

proportion to the preferential amount each such holder is otherwise entitled to receive. Notwithstanding the foregoing, for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Corporate Sale, each such holder of shares of a series of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted) such holder's shares of such series into shares of Common Stock immediately prior to the Corporate Sale if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Common Stock.

(b) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and subject to the payment in full of the liquidation preference with respect to the Preferred Stock as provided in subparagraph (a) of this Section C.2, the holders of the Common Stock shall be entitled to receive the remaining assets and funds legally available therefor distributed ratably among the holders of Common Stock based on the number of shares of Common Stock held by each.

(c) For purposes of this Section C.2, (i) any acquisition of the Corporation by means of merger or other form of corporate reorganization in which outstanding shares of the Corporation are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary and in which the holders of capital stock of the Corporation hold less that 50% of the voting power of the surviving entity (other than a mere reincorporation transaction based on such exchanged or issued security), (ii) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Corporation's securities), of the Corporation's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Corporation, or (iii) a sale, transfer, lease, exclusive licensing or other disposition (but not including a transfer or disposition by pledge or mortgage to a bona fide lender) of all or substantially all of the assets of the Corporation (any of clauses (i), (ii) or (iii), a "Corporate Sale"), shall be treated as a liquidation, dissolution or winding up of the Corporation and shall entitle the holders of Common Stock and Preferred Stock to receive at the closing in cash, securities or other property (valued as provided in Section C.2(d) below) amounts as specified in Sections C.2(a) and C.2(b) above.

(d) Whenever the distribution provided for in this Section C.2 shall be payable in securities or property other than cash, the value of such distribution shall be its fair market value. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability:

(1) If traded on a securities exchange or The Nasdaq National Stock Market, the value shall be based on a formula approved by the Board of Directors and derived from the closing prices of the securities on such exchange or Nasdaq over a specified time period;

(2) If actively traded over-the-counter, the value shall be based on a formula approved by the Board of Directors and derived from the closing prices of the securities on such over-the-counter market over a specified time period; and

(3) If there is no active public market for such securities, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in Section C.2(d)(i) to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors.

3. Redemption. The Preferred Stock shall not be redeemable, unless approved by this Corporation's Board of Directors.

4. Voting Rights; Directors.

(a) Each holder of shares of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Preferred Stock could be converted and shall have voting rights and powers equal to the voting rights and powers of the Common Stock (except as otherwise expressly provided herein or as required by law, voting together with the Common Stock as a single class) and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). Each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock held.

(b) The authorized number of members of the Corporation's Board of Directors shall be eight (8). The holders of Series A Preferred Stock and Series B Preferred Stock, voting together as a single class and not as separate series, and on an as-converted basis, shall be entitled to designate two (2) members of the Board of Directors. The holders of the Common Stock, voting as a single class, shall be entitled to designate two (2) members of the Board of Directors. The holders of Preferred Stock and Common Stock, voting together as a single class and not as separate series, and on an as-converted basis, shall be entitled to designate the remaining members of the Board of Directors.

(c) In the case of any vacancy in the office of a director occurring among the directors elected by the holders of the Series A Preferred Stock and Series B Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) or Common Stock pursuant to the second and third sentences of Section C.4(b) hereof, the remaining director or directors so elected by the holders of the Series A Preferred Stock and

Series B Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) or Common Stock may, by affirmative vote of a majority thereof (or the remaining director so elected if there is but one, or if there is no such director remaining, by the affirmative vote of the holders of a majority of the shares of that class) elect a successor or successors to hold the office for the unexpired term of the director or directors whose place or places shall be vacant. Any director who shall have been elected by the holders of the Series A Preferred Stock and Series B Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) or Common Stock or any director so elected as provided in the preceding sentence hereof, may be removed during the aforesaid term of office, whether with or without cause, only by the affirmative vote of the holders of a majority of the Series A Preferred Stock and Series B Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) or Common Stock, as the case may be.

5. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Issue Price for such series by the Conversion Price applicable to such share, determined as hereinafter provided, in effect on the date the certificate is surrendered for conversion. The price at which shares of Common Stock shall be deliverable upon conversion of shares of the Series A Preferred Stock (the "Series A Conversion Price") shall initially be $0.27 per share (the "Series A Original Issue Price"). The price at which shares of Common Stock shall be deliverable upon conversion of shares of the Series B Preferred Stock (the "Series B Conversion Price") shall initially be $1.56 per share (the "Series B Original Issue Price"). The price at which shares of Common Stock shall be deliverable upon conversion of shares of the Series C Preferred Stock (the "Series C Conversion Price") shall initially be $5.0339 per share (the "Series C Original Issue Price"). As used herein, (i) the term "Original Issue Price" means, as to any series of Preferred Stock, the Series A Original Issue Price, the Series B Original Issue Price or the Series C Original Issue Price, as applicable; and (ii) the term "Conversion Price" means, as to any series of Preferred Stock, the Series A Conversion Price, the Series B Conversion Price or the Series C Conversion Price, as applicable. Such initial Series A Conversion Price, initial Series B Conversion Price and initial Series C Conversion Price shall be adjusted as hereinafter provided.

(b) Automatic Conversion. Each share of Preferred Stock shall automatically be converted into fully paid and nonassessable shares of Common Stock at the then-effective Conversion Price for such series of Preferred Stock upon the earlier of (i) the date specified by written consent or agreement of holders of a majority of the then outstanding shares of Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis); provided, however, if the election to convert is in connection with a Corporate Sale (as determined in good faith by this Corporation's Board of Directors) and the total amount to be distributed in accordance with Section 2 hereof is less than $238,000,000 (or the holders of Series C Preferred Stock are otherwise to be distributed an amount per share less than the Series C Original Issue Price), then the outstanding shares of Series C Preferred Stock

shall not be converted without the consent of the holders of at least 55% of the then outstanding shares of Series C Preferred Stock, or (ii) immediately upon the closing of the sale of the Corporation's Common Stock in a firm-commitment, underwritten public offering registered under the Securities Act of 1933, as amended (the "Securities Act") other than a registration relating solely to a transaction under Rule 145 under the Securities Act (or any successor thereto) or to an employee benefit plan of the Corporation, at a public offering price (prior to underwriters' discounts and expenses) of which the aggregate proceeds to the Corporation and/or any selling stockholders (before payment of any underwriters' discounts and expenses relating to the issuance) exceed $75,000,000.

(c) Mechanics of Conversion.

(i) Before any holder of Preferred Stock shall be entitled to convert the same into shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for such stock, and shall give written notice to the Corporation at such office that he elects to convert the same and shall state therein the name or names in which he wishes the certificate or certificates for shares of Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(ii) If the conversion is in connection with an underwritten offering of securities pursuant to the Securities Act, the conversion may, at the option of any holder tendering shares of Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Adjustments to Conversion Price of Preferred Stock for Certain Diluting Issues.

(i) Special Definitions. For purposes of this Section C.5(d), the following definitions apply:

(1) ***"Options"*** shall mean rights, options, or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities (defined below).

(2) ***"Original Issue Date"*** shall mean the date on which a share of Series C Preferred Stock was first issued.

(3) ***"Convertible Securities"*** shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(4) ***"Additional Shares of Common Stock"*** shall mean all shares of Common Stock issued (or, pursuant to Section C.5(d)(iii), deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable:

(A) upon conversion of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock;

(B) to officers, directors, employees, consultants, advisors or contractors of the Corporation pursuant to stock option or stock purchase plans or agreements on terms approved by the Board of Directors;

(C) to leasing companies, landlords, lenders or other providers of goods and services to the Corporation approved by the Board of Directors of the Corporation;

(D) as a dividend or distribution on Preferred Stock;

(E) in connection with an acquisition of a business or any assets or properties or technology by the Corporation pursuant to agreements approved by the Board of Directors of the Corporation;

(F) in a public offering pursuant to which all outstanding shares of Preferred Stock will be converted to Common Stock or upon exercise of warrants or rights granted to underwriters in connection with such a public offering;

(G) for which adjustment of the Series A Conversion Price, Series B Conversion Price or Series C Conversion Price is made pursuant to Section C.5(e); or

(H) pursuant to subsection C.5(d) as a result of a decrease in the Conversion Price of any series of Preferred Stock resulting from the operation of this Section C.5(d).

(ii) No Adjustment of Conversion Price. Any provision herein to the contrary notwithstanding, no adjustment in the applicable Conversion Price for the Preferred Stock shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share (determined pursuant to Section C.5(d)(v) hereof) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the applicable Conversion Price in effect on the date of, and immediately prior to such issue.

(iii) Deemed Issue of Additional Shares of Common Stock. In the event the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities then entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein designed to protect against dilution) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustments in the applicable Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Conversion Price of the Preferred Stock computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities (provided, however, that no such adjustment of the Conversion Price of the Preferred Stock shall effect Common Stock previously issued upon conversion of the Preferred Stock);

(3) upon the expiration of any such Options or rights, the termination of any such rights to convert or exchange or the expiration of any Options or rights related to such Convertible Securities or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such Options, rights or Convertible Securities or Options or rights related to such Convertible Securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such Options or rights, upon the conversion or exchange of such Convertible Securities or upon the exercise of the Options or rights related to such Convertible Securities; and

(4) no readjustment pursuant to clause (2) or (3) above shall have the effect of increasing the Conversion Price of the Preferred Stock to an amount which exceeds the lower of (a) the applicable Conversion Price on the original adjustment date, or (b) the applicable Conversion Price that would have resulted from any other issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event this Corporation, at any time after the Original Issue Date shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section C.5(d)(iii)) without consideration or for a consideration per share less than the Conversion Price applicable to a series of Preferred Stock in effect on the date of and immediately prior to such issue, then and in such event, the Conversion Price for such series shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price in effect immediately prior to such issuance, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. For the purpose of the above calculation, the number of shares of Common Stock outstanding immediately prior to such issue shall be calculated on a fully diluted basis, as if all shares of Preferred Stock and all Convertible Securities had been fully converted into shares of Common Stock and any outstanding warrants, options or other rights for the purchase of shares of stock or convertible securities had been fully exercised (and the resulting securities fully converted into shares of Common Stock, if so convertible) as of such date.

(v) Determination of Consideration. For purposes of this Section C.5(d), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation excluding amounts paid or payable for accrued interest or accrued dividends;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section C.5(d)(iii), relating to Options and Convertible Securities shall be determined by dividing:

(A) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein designed to protect against dilution) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein designed to protect against the dilution) issuable upon the exercise of such Options or conversion or exchange of such Convertible Securities or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(e) Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. In the event that this Corporation at any time or from time to time after the Original Issue Date shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock or in any right to acquire Common Stock for no consideration, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or in the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price applicable to a series of Preferred Stock in effect immediately prior to such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. In the event that this Corporation shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common Stock for no consideration then the Corporation shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

(f) Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section C.5(e) above or a Corporate Sale), the Conversion Price applicable to a series of Preferred Stock then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before that change.

(g) No Impairment. The Corporation will not, without the appropriate vote of the stockholders under the Delaware General Corporation Law or Section C.6 hereof, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section C.5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Preferred Stock against impairment.

(h) Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section C.5, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Stock a certificate executed by the Corporation's President or Chief Financial Officer setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price for such series of Preferred Stock at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Preferred Stock.

(i) Notices of Record Date. In the event that the Corporation shall propose at any time: (i) to declare any dividend or distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus; (ii) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (iii) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; (iv) to engage in a Corporate Sale; or (v) to liquidate, dissolve or wind up; then, in connection with each such event, the Corporation shall send to the holders of Preferred Stock: (1) at least twenty (20) days prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (iii) through (v) above; and (2) in the case of the matters referred to in (iii) through (v) above, at least twenty (20) days prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event). The foregoing provision may be waived, either prospectively or retroactively and either generally or in a particular instance, by the vote or consent of the holders of a majority of the outstanding shares of Preferred Stock (voting together as a single class and not as separate series and on an as-converted basis).

(j) Issue Taxes. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

(k) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion

of all then outstanding shares of Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate.

(l) Fractional Shares. No fractional share shall be issued upon the conversion of any share or shares of Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion (as determined in good faith by the Board of Directors).

(m) Notices. Any notice required by the provisions of this Section C.5 to be given to the holders of shares of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

6. Restrictions and Limitations.

(a) So long as at least 3,000,000 shares of Preferred Stock (as adjusted for any Recapitalization Event) remain outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise), without the vote or written consent by the holders of a majority of the then outstanding shares of Preferred Stock, voting together as a single class and not as separate series and on an as-converted basis:

(i) amend or repeal any provision of the Corporation's Certificate of Incorporation if such action would adversely impact or otherwise change the rights, preferences, privileges, powers, or the restrictions provided for the benefit of the shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock;

(ii) increase or decrease the aggregate number of authorized shares of Common Stock or Preferred Stock;

(iii) effect any sale or other conveyance of all or substantially all of the assets of the Corporation or any of its subsidiaries, or any consolidation, reorganization or merger involving the Corporation or any of its subsidiaries, in which in excess of 50% of the Corporation's voting power is transferred to third parties who were not previously stockholders of the Corporation, or any reorganization or recapitalization of the Corporation;

(iv) effect a reclassification or recapitalization of the capital stock of the Company into shares having preferences or priority as to dividends or assets senior to or on a parity with the preferences of the Preferred Stock;

(v) authorize or issue, or obligate itself to issue, any other equity security (including any security convertible into or exercisable for any equity security) senior to or on a parity with the Preferred Stock (other than, in the case of issuance of Series C Preferred Stock, with the approval of this Corporation's Board of Directors);

(vi) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose), any of the Common Stock, provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers, directors, consultants, advisors or other persons performing services for the Company or any subsidiary pursuant to agreements under which the Company has the option to repurchase such shares at cost upon the occurrence of certain events, such as the termination of employment or such other repurchases of the Common Stock or Preferred Stock as may be approved by this Corporation's Board of Directors;

(vii) effect a liquidation, dissolution or winding up of the Corporation; or

(viii) declare or pay any dividend or distribution on any shares of Common Stock or Preferred Stock (other than a dividend or distribution payable solely in shares of Common Stock).

(b) So long as a majority of the shares of Series C Preferred Stock (as adjusted for any Recapitalization Event) originally issued remain outstanding, the Corporation shall not (by amendment, merger, consolidation or otherwise), without the vote or written consent by the holders of at least 55% of the then outstanding shares of Series C Preferred Stock, amend or repeal any provision of the Corporation's Certificate of Incorporation, as amended, if such action would adversely impact or otherwise change the rights, preferences, privileges, powers, or the restrictions provided for the benefit of the shares of Series C Preferred Stock but which does so not affect the other series of Preferred Stock (it being understood that, without limiting the foregoing, different series of Preferred Stock shall not be affected differently because of proportional differences in the amounts of their respective issue prices, liquidation preferences, dividend preferences and redemption prices that arise out of differences in the original issue price for each such series).

7. No Reissuance of Preferred Stock. No share or shares of Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

D. The Common Stock.

1. Dividend Rights. Subject to the prior rights of the holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors. Such dividends shall be non-cumulative.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed as provided in Section C.2 of this Article FOURTH.

3. Redemption. The Common Stock shall not be redeemable, other than in connection with the repurchase of shares of Common Stock from employees, officers, directors, consultants, advisors or other persons performing services for the Company or any subsidiary pursuant to agreements under which the Company has the option to repurchase such shares at cost upon the occurrence of certain events, such as the termination of employment or pursuant to other contractual rights of first refusal or as otherwise approved by this Corporation's Board of Directors.

4. Voting Rights. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided herein or by law. The rights of the holders of Common Stock with respect to the election of directors shall be as set forth in Section C.4 of this Article FOURTH.

FIFTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors shall have the power, subject to the provisions of Section C.6 of Article FOURTH, both before and after receipt of any payment for any of the Corporation's capital stock, to adopt, amend, repeal or otherwise alter the Bylaws of the Corporation without any action on the part of the stockholders.

SIXTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

SEVENTH: The Corporation reserves the right to adopt, repeal, rescind or amend in any respect any provisions contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by applicable law, and all rights conferred on stockholders herein are granted subject to this reservation.

EIGHTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize the Corporation's action further eliminating or limiting the personal liability of directors then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.

Exhibit 3.2

CERTIFICATE OF AMENDMENT OF THE
RESTATED CERTIFICATE OF INCORPORATION OF
GUIDEWIRE SOFTWARE, INC.

Guidewire Software, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: The name of this corporation is Guidewire Software, Inc. (the "Corporation").

SECOND: The Corporation's Certificate of Incorporation was originally filed with the Secretary of State of the State of Delaware on September 20, 2001, under the name of "Centrica Software, Inc."

THIRD: The Board of Directors of the Corporation adopted a resolution setting forth a proposed amendment to the Amended and Restated Certificate of Incorporation, declaring said amendment to be advisable and in the best interests of the Corporation and its stockholders, and authorizing the appropriate officers of the Corporation to solicit the approval of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that Section A and Section B of Article FOURTH of the Amended and Restated Certificate of Incorporation of the Corporation be amended to read in their entirety as follows:

"A. This Corporation is authorized to issue two classes of shares to be designated respectively Preferred Stock ("Preferred Stock") and Common Stock ("Common Stock"). The total number of shares of capital stock that the Corporation is authorized to issue is 80,643,493. The total number of shares of Preferred Stock this Corporation shall have authority to issue is 25,643,493. The total number of shares of Common Stock this Corporation shall have authority to issue is 55,000,000. The Preferred Stock shall have a par value of $0.0001 per share and the Common Stock shall have a par value of $0.0001 per share.

B. The Preferred Stock shall be divided into series. 15,735,800 shares of Preferred Stock are designated as "Series A Preferred Stock," 4,807,693 shares of Preferred Stock are designated as "Series B Preferred Stock," and 5,100,000 shares of Preferred Stock are designated as "Series C Preferred Stock.""

FOURTH: That thereafter said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by written consent of the stockholders holding the requisite number of shares required by statute given in accordance with and pursuant to Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of the Amended and Restated Certificate of Incorporation to be signed by its President this 26th day of March, 2008.

/s/ John Raguin
John Raguin
President and Chief Executive Officer

Exhibit 3.4

BYLAWS

OF

Centrica Software, Inc.,
a Delaware corporation

ARTICLE I.
OFFICES

Section 1. Registered Office. The registered office shall be at the office of Corporation Service Company, 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II.
MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. An annual meeting of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated on an annual basis by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Any other proper business may be transacted at the annual meeting.

Section 2. Notice of Annual Meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Voting List. The officer who has charge of the stock ledger of the corporation shall prepare and make, or cause a third party to prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 4. Special Meetings. Special meetings of the stockholders of this corporation, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, shall be called by the President or Secretary at the request in writing of a majority of the members of the Board of Directors or holders of a majority of the total voting power of all outstanding shares of stock of this corporation then entitled to vote, and may not be called absent such a request. Such request shall state the purpose or purposes of the proposed meeting.

Section 5. Notice of Special Meetings. As soon as reasonably practicable after receipt of a request as provided in Section 4 of this Article II, written notice of a special meeting, stating the place, date (which shall be not less than ten nor more than sixty days from the date of the notice) and hour of the special meeting and the purpose or purposes for which the special meeting is called, shall be given to each stockholder entitled to vote at such special meeting.

Section 6. Scope of Business at Special Meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the chairman of the meeting or the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting as provided in Section 5 of this Article II.

Section 8. Qualifications to Vote. The stockholders of record on the books of the corporation at the close of business on the record date as determined by the Board of Directors and only such stockholders shall be entitled to vote at any meeting of stockholders or any adjournment thereof.

Section 9. Record Date. The Board of Directors may fix a record date for the determination of the stockholders entitled to notice of or to vote at any stockholders' meeting and at any adjournment thereof, or to express consent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action. The record date shall not be more than sixty nor less than ten days before the date of such meeting, and not more than sixty days prior to any other action. If no record date is fixed by the Board of Directors, the record date for determining stockholders

entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 10. Action at Meetings. When a quorum is present at any meeting, the vote of the holders of a majority of the shares of stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of applicable law or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 11. Voting and Proxies. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless it is coupled with an interest sufficient in law to support an irrevocable power.

Section 12. Action by Stockholders Without a Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State of Delaware (by hand or by certified or registered mail, return receipt requested), to its principal place of business, or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded provided, however, that action by written consent to elect directors, if less than unanimous, shall be in lieu of holding an annual meeting only if all the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the corporation by delivery to its registered office in the State of Delaware (by hand or by certified or registered mail, return receipt requested), to its principal place of business, or to an officer or agent of the corporation having custody of the book in which proceedings or meetings of stockholders are recorded.

Section 13. Nominations for Board of Directors. Nominations for election to the Board of Directors must be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Nominations, other than those made by the Board of Directors of the corporation, must be preceded by notification in writing in fact received by the Secretary of the corporation not less than sixty days prior to any meeting of stockholders called for the election of directors. Such notification shall contain the written consent of each proposed nominee to serve as a director if so elected and the following information as to each proposed nominee and as to each person, acting alone or in conjunction with one or more other persons as a partnership, limited partnership, syndicate or other group, who participates or is expected to participate in making such nomination or in organizing, directing or financing such nomination or solicitation of proxies to vote for the nominee:

(a) the name, age, residence, address, and business address of each proposed nominee and of each such person;

(b) the principal occupation or employment, the name, type of business and address of the corporation or other organization in which such employment is carried on of each proposed nominee and of each such person;

(c) the amount of stock of the corporation owned beneficially, either directly or indirectly, by each proposed nominee and each such person; and

(d) a description of any arrangement or understanding of each proposed nominee and of each such person with each other or any other person regarding future employment or any future transaction to which the corporation will or may be a party.

The presiding officer of the meeting shall have the authority to determine and declare to the meeting that a nomination not preceded by notification made in accordance with the foregoing procedure shall be disregarded.

ARTICLE III.
DIRECTORS

Section 1. Powers. The business of the corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by applicable law or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number; Election; Tenure and Qualification. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors or by the stockholders at an annual meeting of the stockholders (unless the directors are elected by written consent in lieu of such a meeting pursuant to Article III, Section 12 hereof; provided that the number of directors shall be not less than two (2) nor more than five (5). With the exception of the first Board of Directors, which shall be elected by the incorporator, and except as provided in the corporation’s Certificate of Incorporation or in Section 3 of this Article III, the directors shall be elected at the annual

meeting of the stockholders by a plurality vote of the shares represented in person or by proxy and each director elected shall hold office until his successor is elected and qualified unless he shall resign, become disqualified, disabled, or otherwise removed. Directors need not be stockholders.

Section 3. Vacancies and Newly Created Directorships. Unless otherwise provided in the Certificate of Incorporation, vacancies and newly-created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director. The directors so chosen shall serve until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by applicable law. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 4. Location of Meetings. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. Meeting of Newly Elected Board of Directors. The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of stockholders and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of such location.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the President on two days' notice to each director by mail, overnight courier service or facsimile; special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of two directors unless the Board of Directors consists of only one director, in which case special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of the sole director. Notice may be waived in accordance with Section 229 of the General Corporation Law of the State of Delaware.

Section 8. Quorum and Action at Meetings. At all meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically

provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 10. Telephonic Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 11. Committees. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 12. Committee Authority. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (a) approving, adopting or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of the State of Delaware to be submitted to stockholders for approval, or (b) adopting, amending or repealing any Bylaw of the corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 13. Committee Minutes. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required to do so by the Board of Directors.

Section 14. Directors Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors maybe paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 15. Resignation. Any director or officer of the corporation may resign at any time. Each such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by either the Board of Directors, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation.

Section 16. Removal. Unless otherwise restricted by the Certificate of Incorporation, these Bylaws or applicable law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV.
NOTICES

Section 1. Notice to Directors and Stockholders. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent of the corporation that the notice has been given shall in the absence of fraud, be prima facie evidence of the facts stated therein. Notice to directors may also be given by telephone, facsimile or telegram (with confirmation of receipt).

Section 2. Waiver. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. The written waiver need not specify the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Attendance at the meeting is not a waiver of any right to object to the consideration of matters required by the General Corporation Law of the State of Delaware to be included in the notice of the meeting but not so included, if such objection is expressly made at the meeting.

ARTICLE V.
OFFICERS

Section 1. Enumeration. The officers of the corporation shall be chosen by the Board of Directors and shall include a President, a Secretary, a Treasurer or Chief Financial Officer and such other officers with such other titles as the Board of Directors shall determine. The Board of Directors may elect from among its members a Chairman or Chairmen of the Board and a Vice Chairman of the Board. The Board of Directors may also choose one or more Vice-Presidents, Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 2. Election. The Board of Directors at its first meeting after each annual meeting of stockholders shall elect a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine.

Section 3. Appointment of Other Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. Compensation. The salaries of all officers of the corporation shall be fixed by the Board of Directors or a committee thereof. The salaries of agents of the corporation shall, unless fixed by the Board of Directors, be fixed by the President or any Vice-President of the corporation.

Section 5. Tenure. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the directors of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

Section 6. Chairman of the Board and Vice-Chairman of the Board. The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which the Chairman shall be present. The Chairman shall have and may exercise such powers as are, from time to time, assigned to the Chairman by the Board of Directors and as may be provided by law. In the absence of the Chairman of the Board, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which the Vice Chairman shall be present. The Vice Chairman shall have and may exercise such powers as are, from time to time, assigned to such person by the Board of Directors and as may be provided by law.

Section 7. President. The President shall be the Chief Executive Officer of the corporation unless such title is assigned to another officer of the corporation; in the absence of a Chairman and Vice Chairman of the Board, the President shall preside as the chairman of meetings of the stockholders and the Board of Directors; and the President shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute bonds, mortgages

and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

Section 8. Vice-President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice-President, if any (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 9. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision the Secretary shall be subject. The Secretary shall have custody of the corporate seal of the corporation and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the Secretary's signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by such officer's signature.

Section 10. Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 11. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, President or Chief Executive Officer, taking proper vouchers for such disbursements, and shall render to the President, Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all such transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, the Treasurer shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the Treasurer's office and for the restoration to the corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the possession or under the control of the Treasurer that belongs to the corporation.

Section 12. Assistant Treasurer. The Assistant Treasurer, or if there be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI.
CAPITAL STOCK

Section 1. Certificates. The shares of the corporation shall be represented by a certificate, unless and until the Board of Directors adopts a resolution permitting shares to be uncertificated. Certificates shall be signed by, or in the name of the corporation by, (a) the Chairman of the Board, the Vice-Chairman of the Board, the President or a Vice-President, and (b) the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by such stockholder in the corporation. Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be specified.

Section 2. Class or Series. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of the State of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the Delaware Corporation Law or a statement that the corporation will furnish without charge, to each stockholder who so requests, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 3. Signature. Any of or all of the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 4. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or such owner's legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 5. Transfer of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

Section 6. Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholder or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 7. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII.
GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the applicable provisions, if any, of the Certificate of Incorporation, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purposes as the Board of Directors shall think conducive to the interest of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 4. Seal. The Board of Directors may adopt a corporate seal having inscribed thereon the name of the corporation, the year of its organization and the words “Corporate Seal, Delaware”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 5. Loans. The Board of Directors of this corporation may, without stockholder approval, authorize loans to, or guaranty obligations of, or otherwise assist, including, without limitation, the adoption of employee benefit plans under which loans and guarantees may be made, any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the Board of Directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation.

ARTICLE VIII.
INDEMNIFICATION

Section 1. Scope. The corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as that Section may be amended and supplemented from time to time, indemnify any director, officer, employee or agent of the corporation, against expenses (including attorneys’ fees), judgments, fines, amounts paid in settlement and/or other matters referred to in or covered by that Section, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 2. Advancing Expenses. Expenses (including attorneys' fees) incurred by a present or former director or officer of the corporation in defending a civil, criminal, administrative or investigative action, suit or proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the corporation (or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized by relevant provisions of the General Corporation Law of the State of Delaware; provided, however, the corporation shall not be required to advance such expenses to a director (i) who commences any action, suit or proceeding as a plaintiff unless such advance is specifically approved by a majority of the Board of Directors, or (ii) who is a party to an action, suit or proceeding brought by the corporation and approved by a majority of the Board of Directors which alleges willful misappropriation of corporate assets by such director, disclosure of confidential information in violation of such director's fiduciary or contractual obligations to the corporation, or any other willful and deliberate breach in bad faith of such director's duty to the corporation or its stockholders.

Section 3. Liability Offset. The corporation's obligation to provide indemnification under this Article VIII shall be offset to the extent the indemnified party is indemnified by any other source including, but not limited to, any applicable insurance coverage under a policy maintained by the corporation, the indemnified party or any other person.

Section 4. Continuing Obligation. The provisions of this Article VIII shall be deemed to be a contract between the corporation and each director of the corporation who serves in such capacity at any time while this bylaw is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

Section 5. Nonexclusive. The indemnification and advancement of expenses provided for in this Article VIII shall (i) not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement or vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) continue as to a person who has ceased to be a director and (iii) inure to the benefit of the heirs, executors and administrators of such a person.

Section 6. Other Persons. In addition to the indemnification rights of directors, officers, employees, or agents of the corporation, the Board of Directors in its discretion shall have the power on behalf of the corporation to indemnify any other person made a party to any action, suit or proceeding who the corporation may indemnify under Section 145 of the General Corporation Law of the State of Delaware.

Section 7. Definitions. The phrases and terms set forth in this Article VIII shall be given the same meaning as the identical terms and phrases are given in Section 145 of the General Corporation Law of the State of Delaware, as that Section may be amended and supplemented from time to time.

ARTICLE IX.
AMENDMENTS

Except as otherwise provided in the Certificate of Incorporation, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by the holders of a majority of the outstanding voting shares or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws is contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

CERTIFICATE OF SECRETARY OF

CENTRICA SOFTWARE, INC.

The undersigned certifies:

1. That the undersigned is the duly elected and acting Secretary of Centrica Software, Inc., a Delaware corporation (the “Corporation”); and

2. That the foregoing Bylaws constitute the Bylaws of the Corporation as duly adopted by the Action by Unanimous Written Consent in Lieu of the Organizational Meeting by the Board of Directors of the corporation, dated the 2nd day of October, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation as of this 2nd day of October, 2001.

/s/ David Makarechian

David Makarechian, Secretary

Exhibit 3.5

AMENDMENT TO THE
BYLAWS
OF GUIDEWIRE SOFTWARE, INC.

In accordance with resolutions approved by the Board of Directors of Guidewire Software, Inc. (fka Centrica Software, Inc.) (the "Company"), the Bylaws of the Company shall be amended by changing all references to "Centrica Software, Inc." to "Guidewire Software, Inc." and by amending and restating Article III, Section 2 in its entirety to read as follows:

"Section 2. Number; Election; Tenure and Qualification. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors or by the stockholders at an annual meeting of the stockholders (unless the directors are elected by written consent in lieu of such a meeting pursuant to Article III, Section 9 hereof). With the exception of the first Board of Directors, which shall be elected by the incorporator, and except as provided in the corporation's Certificate of Incorporation or in Section 3 of this Article III, the directors shall be elected at the annual meeting of the stockholders by a plurality vote of the shares represented in person or by proxy and each director elected shall hold office until his successor is elected and qualified unless he shall resign, become disqualified, disabled, or otherwise removed. Directors need not be stockholders."

CERTIFICATE OF SECRETARY OF

GUIDEWIRE SOFTWARE, INC.

The undersigned, Marcus Ryu, hereby certifies that he is the duly elected and acting Secretary of Guidewire Software, Inc., a Delaware corporation (the "Corporation"), and that the Amendment to the Bylaws attached hereto constitutes an Amendment to the Bylaws of said Corporation as duly adopted by the Board of Directors on December 16, 2005.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his name this 22nd day of December, 2005.

/s/ Marcus Ryu
Secretary

Exhibit 4.2

GUIDEWIRE SOFTWARE, INC.

SECOND AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

SEPTEMBER 20, 2007

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SECOND AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT

THIS SECOND AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT is made as of the 20th day of September, 2007, by and among Guidewire Software, Inc., a Delaware corporation (the ***"Company"),*** John Raguin, Marcus Ryu, Ken Branson, John Seybold, Mark Shaw and James Kwak (each, a ***"Founder"*** and collectively, the ***"Founders")*** and the investors listed on Exhibit A hereto (each, an ***"Investor"*** and collectively, the ***"Investors").***

RECITALS

WHEREAS, certain of the Investors (the *"**Existing Investors**")* hold shares of the Company's Series A Preferred Stock (the *"**Series A Preferred Stock")*** or Series B Preferred Stock (the *"**Series B Preferred Stock")*** and/or shares of Common Stock issued upon conversion thereof and possess registration rights, information rights, rights of first offer and other rights pursuant to an Amended and Restated Investors' Rights Agreement dated as of October 6, 2004 by and among the Company, the Founders and such Existing Investors, as amended (the ***"Prior Agreement");***

WHEREAS, the Prior Agreement may be amended, and any provision therein waived, with the consent of the Company and the holders of more than 50% of the outstanding Registrable Securities (as such term is defined in the Prior Agreement) then outstanding which are not held by the Founders;

WHEREAS, the Existing Investors as holders of more than 50% of the outstanding Registrable Securities (as such term is defined in the Prior Agreement) of the Company not held by the Founders desire to terminate the Prior Agreement and to accept the rights, created pursuant hereto in lieu of the rights granted to them under the Prior Agreement; and

WHEREAS, certain Investors are parties to the Series C Preferred Stock Purchase Agreement of even date herewith by and among the Company and certain of the Investors (the *"**Series C Agreement**"),* which provides that as a condition to the closing of the sale of the Series C Preferred Stock (the "***Series C Preferred Stock***," collectively with the Series A Preferred Stock and Series B Preferred Stock, the ***"Preferred Stock"),*** this Agreement must be executed and delivered by such Investors, Existing Investors holding more than 50% of the outstanding Registrable Securities (as such term is defined in the Prior Agreement) of the Company not held by the Founders, the Founders, and the Company.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "***Act***" means the Securities Act of 1933, as amended.

(b) The term "***Form S-3***" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) The term "***Holder***" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.13 hereof.

(d) The term "***1934 Act***" shall mean the Securities Exchange Act of 1934, as amended.

(e) The term "***register***," "***registered***" and "***registration***" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(f) The term "***Registrable Securities***" means: (i) any Common Stock issued or issuable upon conversion of the Preferred Stock of the Company; (ii) 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 (iii) 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.

(g) The number of shares of "***Registrable Securities then outstanding***" shall mean the number of shares of Common Stock that are Registrable Securities and (i) are then issued and outstanding or (ii) are then issuable pursuant to the exercise or conversion of then outstanding and then exercisable options, warrants or convertible securities.

(h) The term "***SEC***" shall mean the Securities and Exchange Commission.

1.2 Request for Registration.

(a) If the Company shall receive at any time subsequent to the earlier of (i) September 30, 2011, or (ii) six months following the completion of the Company's firm commitment underwritten initial public offering, a written request from the Holders not less than 50% of the Registrable Securities then outstanding that would result in the filing of a registration statement under the Act covering the registration of such Registrable Securities having an aggregate offering price to the public of at least $5,000,000, then the Company shall:

(i) within fifteen (15) days of the receipt thereof, give written notice of such request to all Holders; and

(ii) use its best efforts to file, and reasonable, diligent efforts to effect, as soon as practicable, and in any event to file the initial registration statement in connection therewith within 90 days of the receipt of such request, the registration under the Act of all Registrable Securities that the Holders request to be registered within 20 days of the mailing of notice by the Company referenced in Section 1.2(a)(i) above, subject to the limitations of subsection 1.2(b).

(b) If the Holders initiating the registration request hereunder (the ***"Initiating Holders"***) intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to subsection 1.2(a) and the Company shall include such information in the written notice referred to in subsection 1.2(a)(i). The underwriter will be selected by a majority in interest of the Initiating Holders and shall be reasonably acceptable to the Company. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder; *provided, however,* that the number of shares of Registrable Securities held by Initiating Holders to be included in such underwriting shall not be reduced unless all securities other than Registrable Securities are first entirely excluded from the underwriting.

(c) Notwithstanding the foregoing, if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2, a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be filed, the Company shall have the right to defer taking action with respect to such filing for a period not to exceed 90 days after receipt of the request of the Initiating Holders; *provided, however,* that the Company may not utilize this right more than once in any twelve-month period.

(d) In addition, the Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2:

(i) After the Company has effected two (2) registrations pursuant to this Section 1.2 and such registrations have been declared or ordered effective;

(ii) Within six (6) months after any other registration by the Company under the Act;

(iii) During the period starting with the date ninety (90) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred and eighty (180) days after the effective date of a registration subject to Section 1.3 hereof; *provided* that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and the Company delivers notice of such intent to the Initiating Holders within thirty (30) days of the registration request; or

(iv) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 1.12 below.

1.3 Company Registration. If (but without any obligation to do so) the Company proposes to register for its own account any of its capital stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered or an SEC Rule 145 transaction), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.8, use its best efforts to cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

1.4 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or until the distribution contemplated in the Registration Statement has been completed; *provided, however,* that (i) such 120-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company; and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, such 120-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are

sold, provided that Rule 415, or any successor rule under the Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment that (x) includes any prospectus required by Section 10(a)(3) of the Act or (y) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (x) and (y) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, except as may be required by the Act.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered under this Section 1 to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Section 1 and a CUSP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) Furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

1.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

1.6 Expenses of Demand Registration. All expenses (other than underwriting discounts and commissions, Blue Sky fees, stock transfer taxes and fees) incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and the reasonable fees and expenses of one counsel for the selling stockholders (not to exceed $15,000) shall be borne by the Company; *provided, however,* that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2; *provided further, however,* that if at the time of such withdrawal, the Holders (i) have learned of a material adverse change in the condition, business or prospects of the Company that was not known to the Holders at the time of their request and (ii) have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any such expenses and shall retain their rights pursuant to Section 1.2.

1.7 Expenses of Company Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 1.3 for each Holder (which right may be assigned as provided in Section 1.13), including (without limitation) all registration, filings and qualification fees, printers' and accounting fees and fees and disbursements of counsel for the Company, and the reasonable fees and expenses of one counsel for the selling stockholders (not to exceed $15,000), but excluding underwriting discounts and commissions, Blue Sky fees, stock transfer taxes and fees and expenses of counsel to the Holders other than as set forth above.

1.8 Underwriting Requirements. If a registration statement for which the Company gives notice pursuant to Section 1.3 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any Holder's Registrable Securities to be included in a registration pursuant to Section 1.3 shall be

conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares (including Registrable Securities) from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated first, to the Company, and second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based upon the total number of Registrable Securities then held by each such Holder; *provided, however,* that in no event shall the amount of securities of the selling Holders included in such registration be reduced below twenty five percent (25%) of the total amount of securities included in such offering, unless such offering is the initial public offering of the Company's securities in which case the Holders may be excluded in their entirety; *provided further, however,* that in no event shall the amount of securities of the selling Holders who are not Founders included in such registration be reduced unless all shares held by the Founders are first excluded from such registration (other than shares of Common Stock held by a Founder as a result of the conversion of shares of Preferred Stock held by such Founder in his capacity as an Investor herewith). If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least 15 business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder that is a partnership or corporation, the partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners, stockholders and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "***Violation***"): (i) any untrue statement or alleged untrue statement of a material fact contained in such

registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Act, the 1934 Act or any state securities law; and the Company will pay to each such Holder, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided, however,* that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability or action; *provided, however,* that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; *provided, further,* that in no event shall any indemnity under this subsection 1.10(b) exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however,* that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party

represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations; provided that in no event shall any contribution by a Holder under this Section 1.10(d) exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents filed under the 1934 Act by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.12 Form S-3 Registration. If the Company shall receive from any Holder or Holders a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use its best efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; *provided, however,* that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.12: (i) if Form S-3 is not available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $500,000; (iii) the Company has effected two (2) such registrations prior to the date of such request; (iv) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period not to exceed ninety (90) days after receipt of the request of the Holder or Holders under this Section 1.12; *provided, however,* that the Company shall not utilize this right more than once in any twelve month period; (v) if the Company has, within the twelve (12) month period preceding the date of such request, already effected one (1) registration pursuant to this Section 1.12; or (vi) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon, as practicable after receipt of the request or requests of the Holders. All expenses incurred in connection with all registrations requested pursuant to Section 1.12, including (without limitation) all registration, filing, qualification, printers' and accounting fees and the fees and disbursements of counsel and the reasonable fees and expenses of one counsel for the selling stockholders for the Company (not to exceed $15,000), but excluding any underwriters' discounts or commissions, Blue Sky fees, stock transfer taxes and fees, shall be borne by the Company. Registrations effected pursuant to this Section 1.12 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3.

1.13 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.15 below; (c) the transfer involves a transfer of at least 3,000,000 shares of Registrable Securities (as adjusted for dividends, splits, recapitalizations and the like); *provided, however,* that transfers or assignments to partners, retired partners, stockholders, members, parents, children, spouses, trusts or affiliates of a Holder (each a "***Qualified Transferee***") shall be without restriction as to the minimum number of shares to be transferred; and (d) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2 or 1.3 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such holder's securities will not reduce the amount of the Registrable Securities of the Holders that is included or (b) to make a demand registration that could result in such registration statement being declared effective prior to the date set forth in subsection 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.15 "Market Stand-Off" Agreement. Each Investor hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of an initial registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) all executive officers, directors and holders of at least 1% of the outstanding capital stock of the Company enter into similar agreements; and

(b) such market stand-off time period shall not exceed one hundred eighty (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.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 1.15 shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to an SEC Rule 145 transaction.

1.16 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 after the earlier of: (a) seven (7) years following the consummation of the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with the initial firm commitment underwritten offering of its securities to the general public or (b) such time as all Registrable Securities held by such Holder can be sold in any three (3) month period without registration under SEC Rule 144.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Investor, for so long as such Investor holds (together with its affiliates) at least 1,000,000 shares (as adjusted for subsequent stock dividends, splits, recapitalizations and the like) of Preferred Stock (a "***Major Investor***"):

(a) promptly after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company as of the end of such year, a statement of stockholder's equity as of the end of such year and a statement of cash flows for such fiscal year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("***GAAP***") and audited and certified by independent public accountants selected by the Company (and approved by the Company's Board of Directors);

(b) promptly after the end of each month, an unaudited income statement, balance sheet and statement of cash flows for and as of the end of such month, such unaudited financial statements to be in reasonable detail and to show a comparison against budget; and

(c) as soon as practicable, but in any event thirty (30) days prior to the end of each fiscal year, a budget for the next fiscal year, prepared on a quarterly basis, including balance sheets, income statements and statements of cash flows and any other budgets prepared by the Company and approved by its Board of Directors.

2.2 Inspection Rights. The Company shall permit each Major Investor or its transferees (as permitted pursuant to Section 1.13 hereof), at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by such Major Investor; *provided, however,* that the Company shall not be obligated under this Section 2.2 to provide information that it deems in good faith to be a trade secret or similar confidential or proprietary information.

2.3 Termination of Information Covenants. The covenants set forth in Sections 2.1 and 2.2 shall terminate as to Major Investors and be of no further force or effect (i) upon the consummation of a firm commitment underwritten public offering of the Company's securities, (ii) upon the closing of a Corporate Sale (as defined in the Company's Amended and Restated Certificate of Incorporation, as amended from time to time (the "***Restated Certificate***")) or (iii) when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur.

2.4 Right of First Offer. Subject to the terms and conditions specified in this paragraph 2.4, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 2.4, a Major Investor includes any general partners and affiliates of a Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exercisable for any shares of, any class of its capital stock ("***Shares***"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice by certified mail ("***Notice***") to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such Shares.

(b) Within fifteen (15) calendar days after giving of the Notice, the Major Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares that equals the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of all convertible securities then held, by such Major Investor bears to the total number of shares of Common Stock then outstanding (assuming full conversion of all convertible securities). The Company shall promptly, in writing, inform each Major Investor that elects to purchase all the shares available to it under this Section 2.4 (each, a *"**Fully-Exercising Investor**")* of any other Major Investor's failure to do likewise. During the 10-day period commencing after receipt of such information,

each Fully-Exercising Investor shall be entitled to obtain that portion of the Shares for which Major Investors were entitled to subscribe but which were not subscribed for by the Major Investors that is equal to the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of all convertible securities then held, by such Fully-Exercising Investor bears to the total number of shares of Common Stock then outstanding (assuming full conversion of all convertible securities).

(c) If all Shares that Major Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.4(b) hereof, the Company may, during the 30 day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within 30 days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this paragraph 2.4 shall not be applicable (i) to the issuance or sale of shares of Series C Preferred Stock pursuant to the Series C Agreement, (ii) to the issuance or sale of stock (or options therefor) to leasing companies, landlords, lenders or other providers of goods or services to the Company, (iii) to the issuance of Common Stock (or options therefor) to officers, directors, employees, consultants, advisors or contractors of the Company pursuant to stock option or stock purchase plans or agreements on terms approved by the Board of Directors; (iv) to or after consummation of a bona fide, firmly underwritten public offering of shares of Common Stock, registered under the Act pursuant to a registration statement, (v) to the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities, or (vi) to the issuance of securities in connection with a bona fide business acquisition by the Company approved by its Board of Directors, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise.

(e) The right of first offer set forth in this Section 2.4 may not be assigned or transferred, except that (i) such right is assignable by each Major Investor to any Qualified Transferee and (ii) such right is assignable between and among any of the Major Investors.

(f) The right of first offer set forth in this Section 2.4 shall terminate immediately prior to (i) the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Act covering the offer and sale of Common Stock (other than a registration on Form S-8, Form S-4 or comparable or successor forms), in which all shares of Preferred Stock are converted into shares of Common Stock pursuant to the terms of the Restated Certificate; or (ii) the closing of a Corporate Sale (as defined in the Restated Certificate); provided, however, that no such termination under clause (ii) shall be deemed to occur in connection with the sale of shares of capital stock of the Company in a transaction or series of related transactions effected primarily for equity financing purposes.

2.5 Stock Issuances to Employees. Unless the Board of Directors so authorizes, the Company hereby covenants that all stock, stock equivalents and options issued after the date hereof to employees of the Company shall be subject to repurchase (the "***Repurchase Right***") by the Company (or its assignees) at cost at any time during at least a sixty (60)-day period following the date on which the employee ceases for any reason (with or without cause) to remain in the service of the Company or an affiliate of the Company. The Repurchase Right will terminate with respect to any shares for which it is not exercised within the sixty (60)-day period provided above and with respect to any shares for which the employee vests in accordance with the following vesting schedule: twenty-five percent (25%) of the shares to vest at the expiration of one (1) year from the date of the grant if the grantee is then in the service of the Company and the remaining seventy-five percent (75%) of the shares to vest each succeeding month in a series of thirty-six (36) successive monthly installments upon the completion by the employee of each month of service over the thirty-six (36)-month period measured from the date on which the first twenty-five percent (25%) of the shares vested. The Company further covenants that all stock and stock equivalents issued after the date hereof to employees of the Company shall be subject to a right of first refusal (the "***First Refusal Right***") by the Company (or its assignees) in the event that the stockholder proposes to transfer or sell such stock or stock equivalents to a third party purchaser. The Repurchase Right and the First Refusal Right on any stock or stock equivalents to be granted to officers of the Company (including officers at the vice president level and above), to the extent not exercised by the Company, shall be assigned to Major Investors pro rata based on the proportion that the number of shares of Registrable Securities held by each such Major Investor bears to the number of Registrable Securities then outstanding and held by all Major Investors. This covenant shall lapse upon the earliest to occur of (i) the first date on which shares of common stock are held of record by more than five hundred (500) persons; (ii) at such time as the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the 1934 Act; (iii) a firm commitment underwritten public offering, pursuant to an effective registration statement under the Act; (iv) the consolidation or merger of the Company (but only with respect to a consolidation or merger pursuant to which stockholders of the Company (determined prior to such consolidation or merger) hold less than 50% of the voting equity of the surviving corporation or pursuant to which more than 50% of the voting power of the Company is transferred); or (v) the sale of all or substantially all of the assets of the Company.

2.6 Proprietary Information and Inventions Agreements. The Company shall in the future require each new officer, employee and consultant of the Company to enter into and execute a Proprietary Information and Inventions Agreement in substantially the form attached to the Purchase Agreement as Exhibit F thereof, or an agreement containing substantially similar terms.

2.7 Reimbursement of Director Expenses. The Company shall reimburse the reasonable documented expenses incurred by the directors designated by (i) the holders of Series A Preferred Stock and Series B Preferred Stock, voting together as a single class, and (ii) the Mutual Directors (as defined in that certain Second Amended and Restated Voting Agreement of even date herewith) in connection with such directors' attendance of meetings of the Company's Board of Directors, promptly upon receipt of documentation of such expenses.

2.8 Administration of 2006 Stock Option/Stock Issuance Plan. In connection with the Company's 2006 Stock Option/Stock Issuance Plan (the ***"Plan")*** pursuant to which the Company may grant stock options, common stock, stock equivalents and similar equity interests in the Company to employees, consultants, nonemployee directors and other service providers, the Company hereby covenants that no such grants under the Plan shall be made by the Board of Directors or any subcommittee or members thereof who are appointed to act as the Plan Administrator (as defined in the Plan) without the approval of at least one director who was designated as a member of the Board by the holders of Series A Preferred Stock and Series B Preferred Stock, voting together as a single class.

2.9 Termination of Certain Covenants. The covenants set forth in Sections 2.5, 2.6, 2.7 and 2.8 shall terminate immediately prior to (i) the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Act covering the offer and sale of Common Stock (other than a registration on Form S-8, Form S-4 or comparable or successor forms), in which all shares of Preferred Stock are converted into shares of Common Stock pursuant to the terms of the Restated Certificate; or (ii) the closing of a Corporate Sale (as defined in the Restated Certificate); provided, however, that no such termination under clause (ii) shall be deemed to occur in connection with the sale of shares of capital stock of the Company in a transaction or series of related transactions effected primarily for equity financing purposes.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

3.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified or upon deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of more than fifty percent (50%) of the Registrable Securities then outstanding; provided, however, that any amendment to this agreement adversely affecting the rights of the Founders under Section 1.3 hereof shall require the written consent of two-thirds (2/3) in interest of the Registrable Securities held by the Founders; and, provided further, however, that for so long as Battery Ventures VIII, L.P. *("**Battery**")* holds at least 200,000 shares of Series C Preferred Stock (or 200,000 shares of Common Stock issued upon conversion of the Series C Preferred Stock) (in each case, subject to appropriate adjustment for stock splits, stock dividends and combinations), any such amendment or waiver of the rights of Battery under Sections 2.1, 2.2 and 2.4 of this Agreement and this Section 3.7 shall also require the written consent of Battery. In addition to the foregoing, in the event any such amendment or waiver shall uniquely and adversely affect the rights or obligations of any specific Investor in a different manner than all of the Investors, such amendment or waiver shall require the separate written consent of a majority in interest of such Investors so uniquely and adversely affected (it being understood that, without limiting the foregoing, different series of Preferred Stock shall not be affected differently because of proportional differences in the amounts of their respective issue prices, liquidation preferences, dividend preferences and redemption prices that arise out of differences in the original issue price for each such series). Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities and the Company.

3.8 Severability. If any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such provisions shall be limited or eliminated to the minimum extent, necessary so that this Agreement shall otherwise remain in full force and effect.

3.9 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.10 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof.

3.11 Termination of Prior Agreement. Upon the effectiveness of this Agreement, the Prior Agreement shall terminate and be of no further force and effect, and shall be superseded and replaced in its entirety by this Agreement.

3.12 Additional Investors. Notwithstanding Section 3.7, no consent shall be necessary to add additional Investors as signatories to this Agreement, provided that such Investors have purchased Series C Preferred Stock pursuant to the subsequent closing provisions of Section 1.3 of the Series C Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

COMPANY:

GUIDEWIRE SOFTWARE, INC.

By: /s/ John Raguin
John Raguin
President and Chief Executive Officer

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

/s/ John Raguin
John Raguin

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

/s/ Marcus Ryu
Marcus Ryu

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

/s/ Kenneth W. Branson
Ken Branson

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ James Kwak
James Kwak

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

/s/ John Seybold
John Seybold

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

/s/ Mark Shaw
Mark Shaw

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

BATTERY VENTURES VIII, L.P.

By: Battery Partners VIII, LLC
General Partner

By: /s/ Neeraj Agrawal
Title: Member Manager

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ Craig Ramsey
Craig Ramsey

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ Chris Noble
Chris Noble

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

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

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

BAY PARTNERS X, L.P.

By Bay Management Company X, LLC,
General Partner

By: /s/ Atul Kapadia
Name: Atul Kapadia
Title: Manager

BAY PARTNERS X ENTREPRENEURS FUND, L.P.

By Bay Management Company X, LLC,
General Partner

By: /s/ Atul Kapadia
Name: Atul Kapadia
Title: Manager

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ John Raguin
John Raguin

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ Marcus Ryu
Marcus Ryu

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

FOUNDERS:

/s/ James Kwak
James Kwak

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ Kenneth W. Branson
Ken Branson

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ John Seybold
John Seybold

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

/s/ Mark Shaw
Mark Shaw

EXHIBIT A

Investors

Name

Battery Ventures VIII, L.P.
U.S. Venture Partners VIII, L.P.
USVP VIII Affiliates Fund, L.P.
US VP Entrepreneur Partners VIII-A, L.P.
USVP Entrepreneur Partners VIII-B, L.P.
Bay Partners X, L.P.
Bay Partners X Entrepreneurs Fund, L.P.
Craig Ramsey
Chris Noble
John Raguin
Marcus Ryu
James Kwak
Ken Branson
John Seybold
Mark Shaw
Richard P. Branson
Brian Epstein
Jonathan Epstein
Noah Feldman
Michael Flexer
Andrew J. Harman Revocable Trust
Barbara G. Lamparter
Richard A. Lamparter
James W. Shaw
Jeff Zajkowski
ExNihilo, Inc.
Dana Panichas and Tommy Hansen
Raymond Paquin
Stuart Read
Willy Hertanu

WARRANT TO PURCHASE STOCK

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Guidewire Software, Inc., a Delaware corporation (the **"Company"**)
Number of Shares:	(i) upon the first Advance under the Loan Agreement, this Warrant shall become exercisable for 4,967 shares of Series C Preferred (the "Initial Shares"), and (ii) in the event the Company achieves the Milestone and the Revolving Line is increased to $5,000,000, an additional 4,966 shares of Series C Preferred (the "Additional Shares") shall become exercisable in the event that the first Advance under the Loan Agreement has been made prior to such time or, if the first Advance has not yet been made, such later time as the first Advance shall be made. (subject to adjustment in the case of each of (i) and (ii) above pursuant to Section 2 hereof)
Class of Stock:	Series C Preferred Stock of the Company (the **"Series C Preferred"**)
Warrant Price:	$5.0339 per share (the **"Warrant Price"**)
Issue Date:	March 28, 2008 (the **"Issue Date"**)
Expiration Date:	This Warrant shall expire (the "Expiration Date") on the earliest to occur of as set forth in Section 1.6(b), Section 5.1 or: (i) with respect to the Initial Shares, March 28, 2015 and (ii) with respect to the Additional Shares, the earlier of (A) March 28, 2015 and (B) if the Company fails to achieve the Milestone or the Revolving Line is not increased to $5,000,000, July 31, 2008.
Credit Facility:	This Warrant is issued in connection with the Accounts Receivable Line of Credit referenced in the Loan and Security Agreement among Company and Silicon Valley Bank dated March 28, 2008 (the **"Loan Agreement"**)

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK **("Holder")** is entitled to purchase that number of fully paid and nonassessable shares of Series C Preferred set forth above or that number of shares otherwise purchasable upon exercise of this Warrant pursuant to the provisions herein (the **"Shares"**) at the Warrant Price, all as set forth above and as adjusted pursuant to Article 2 of this Warrant and subject to the provisions and upon the terms and conditions set forth in this Warrant. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise in substantially the form attached as Appendix 1 (the **"Notice of Exercise"**) to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon exercise of the portion of the Warrant being converted minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded in a public market and the Shares are common stock, the fair market value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the "price to public" per share price specified in the final prospectus relating to such offering). If the Company's common stock is traded in a public market and the Shares are preferred stock, the fair market value of a Share shall be the closing price of a share of the Company's common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or, in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the initial "price to public" per share price specified in the final prospectus relating to such offering), in both cases, multiplied by the number of shares of the Company's common stock into which a Share is convertible. If the Company's common stock is not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, or surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition of Company.

a. "Acquisition". For the purpose of this Warrant, **"Acquisition"** means any reorganization, consolidation, or merger or other business combination of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction (based on their respective ownership interests as constituted immediately prior to such transaction), or any sale, license, or other disposition of all or substantially all of the assets of the Company.

b. Treatment of Warrant at Acquisition.

(i) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition in which the sole consideration is cash and/or marketable securities, either (A) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition or (B) if Holder elects not to exercise the Warrant, this Warrant will expire upon the consummation of such Acquisition. The Company shall provide the Holder with written notice of its request relating to the foregoing (together with such reasonable information as the Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

(ii) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition that is an "arm's-length" sale of all or substantially all of the Company's assets (and only its assets) to a third party that is not an Affiliate (as defined below) of the Company (a **"True Asset Sale"**), either (A) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be

deemed effective immediately prior to the consummation of such Acquisition or (B) if Holder elects not to exercise the Warrant, this Warrant will continue until the Expiration Date if the Company continues as a going concern following the closing of any such True Asset Sale. The Company shall provide the Holder with written notice of its request relating to the foregoing (together with such reasonable information as the Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

(iii) Upon the written consent of the Company, Holder agrees that, in the event of a stock-for-stock Acquisition of the Company by a publicly traded acquirer if, on the record date for the Acquisition, the fair market value of the Shares (or other securities issuable upon exercise of this Warrant) is equal to or greater than three times (3x) the Warrant Price, the Company may require the Warrant to be deemed automatically exercised and the Holder shall participate in the Acquisition as a holder of the Shares (or other securities issuable upon exercise of the Warrant) on the same terms as other holders of the same class of securities of the Company.

(iv) Upon the closing of any Acquisition other than those particularly described in subsections (i), (ii) and (iii) above, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and its subsequent closing. The Warrant Price and/or number of Shares shall be adjusted accordingly.

As used herein **"Affiliate"** shall mean any person or entity that owns or controls directly or indirectly ten (10) percent or more of the stock of Company, any person or entity that controls or is controlled by or is under common control with such persons or entities, and each of such person's or entity's officers, directors, joint venturers or partners, as applicable.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the shares of Series C Preferred payable in common stock, or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the shares of Series C Preferred by reclassification or otherwise into a greater number of shares or takes any other action which increase the amount of securities into which the shares of Series C Preferred are convertible, the number of Shares purchasable hereunder shall be proportionately

increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of Series C Preferred are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to common stock pursuant to the terms of the Company's Restated Certificate of Incorporation (the "Certificate") upon the closing of a registered public offering of the Company's common stock. The Company or its successor and Holder shall promptly execute an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, substitution or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of shares of common stock issuable upon conversion of the Shares, shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects the rights granted to Holder associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other shares of the same series and class as the Shares.

2.4 No Impairment. The Company shall not, by amendment of its Certificate or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may

be necessary or appropriate to protect Holder's rights under this Article 2 against impairment. The foregoing notwithstanding, the Company shall not have been deemed to have impaired Holder's rights hereunder if the Company amends its Certificate of Incorporation, or the holders of the Company's preferred stock waive rights thereunder or elsewhere, in a manner that does not affect the Shares differently from the effect that such amendments or waivers have generally on the rights, preferences, privileges or restrictions of the other shares of the same series of stock.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon the date thereof and the series of adjustments leading to such Warrant Price.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to Holder as follows:

(a) As of the Issue Date, the initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share of the Series C Preferred at which such shares were last issued in an arms-length transaction in which at least $500,000 of the Series C Preferred were sold.

(b) All Shares which may be issued upon the exercise of the purchase right represented by this Warrant (including Shares issued to account for any adjustments made pursuant to Section 1.7 hereof), and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein, under the Rights Agreement (as defined below) or under applicable federal and state securities laws.

(c) The capitalization table attached hereto as Exhibit A completely and accurately reflects the Company's capitalization as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon any of the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) effect any reclassification or recapitalization of any of its Series C Preferred Stock; (c) to consummate an Acquisition, or to liquidate, dissolve or wind up; or (d) offer holders of registration rights the opportunity to participate in an underwritten public offering of the Company's securities for cash, then, in connection with each such event, the Company shall give Holder: (1) at least 10 days prior written notice of the date on which a record will be taken for such dividend or distribution rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; (2) in the case of the matters referred to in (b) and (c) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (d) above, the same notice as is given to the holders of such registration rights. The Company also agrees to provide information reasonably requested by Holder (at Holder's cost) to enable Holder to comply with Holder's accounting or legal reporting requirements; provided that the Company shall not be obligated to provide information that is protected by attorney-client privilege.

3.3 Registration Under The Act. The Company shall join the Holder as a party to the Company's Investor Rights Agreement in effect on the date hereof for the purposes of granting Holder certain S-3 and incidental, or "Piggyback." registration rights with respect to the shares of common stock issuable upon the conversion of the Shares, and Holder agrees to be bound by and subject to the terms and conditions of that certain Second Amended and Restated Investors' Rights Agreement, as amended from time to time (the "Rights Agreement"), including the restrictions set forth in Section 1.15 thereof.

3.4 No Stockholder Rights. This Warrant does not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company prior to the exercise or conversion hereof.

ARTICLE 4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF HOLDER.

Holder represents, warrants, and covenants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant (or upon conversion thereof) by Holder (collectively, the "Securities") will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that Holder has not been formed for the specific purpose of acquiring the Securities.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and the Securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and the Securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and the Securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and the Securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and the Securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof and any securities issued in connection therewith must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Authorization. Holder represents that it has full power and authority to enter into this Warrant. This Warrant constitutes Holder's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights and (b) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

ARTICLE 5. MISCELLANEOUS.

5.1 Term: This Warrant is exercisable in whole or in part at any time and from time to time on or before the earlier of (a) the Expiration Date or (b) as set froth in Article 1.6(b) hereof. In addition, if the first Advance has not been made under the Loan Agreement at such time as the Revolving Line is no longer available to the Company, this Warrant shall expire.

5.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD OF UP TO 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) AFTER THE EFFECTIVE DATE OF THE COMPANY'S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE COMPANY'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company) and any other contractual restrictions between the Company and the Holder contained herein. The Company shall not require Holder to provide an opinion of counsel if the transfer is to Holder's parent company, SVB Financial Group (formerly Silicon Valley Bancshares), or any other affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

5.4 Transfer Procedure. Upon receipt by Holder of the executed Warrant, Holder will transfer all of this Warrant to Holder's parent company, SVB Financial Group, by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Section 5.3, and upon providing Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, that, in connection with any such transfer: (a) SVB Financial Group or any subsequent Holder provides the Company with notice of the portion of the Warrant being transferred, which notice shall include the name, address and taxpayer identification number of the transferee(s); (b) transferee agrees to be bound by the terms and conditions of this Warrant and confirms the accuracy of the representations set forth in Article 4 hereof with respect to such transferee; and (c) Holder surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices and other communications from the Company to Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid (or on the first business day after transmission by facsimile), at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such holder from time to time. Effective upon receipt of the fully executed Warrant and the initial transfer described in Section 5.4 above, all notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200
Santa Clara, California 95054
Telephone: (408) 654-7400
Facsimile: (408) 496-2405

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Guidewire Software, Inc.
Attn: Mike Shahbazian
2211 Bridgepointe Parkway, Suite 300
San Mateo, California 04404
Facsimile: (650) 357-9101
E-mail: mshahbazian@guidewire.com

5.6 Waiver. This Warrant and any other documents delivered pursuant to this Warrant constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof. This Warrant and any term hereof may be changed, waived, discharged or terminated only by the written consent of the Company and Holders; or if this Warrant has been assigned in part, by the holders of the rights to purchase a majority of the Shares originally issuable pursuant to this Warrant.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be converted pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares (or such other securities) issued upon such conversion to Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and delivered as of the Issue Date specified above.

"COMPANY"
GUIDEWIRE SOFTWARE, INC.

By: /s/ Michael Shahbazian
Name: Michael Shahbazian
Title: CFO

"HOLDER"
SILICON VALLEY BANK

By: /s/ Tim Walsh
Name: Tim Walsh
Title: Senior Relationship Manager

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the Series C Preferred Stock of Guidewire, Inc. (the Company") pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 and each of its obligations pursuant to Sections 5.2, 5.3 and 5.4 of the Warrant as the date hereof.

HOLDER:

By: _____
Name: _____
Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply the required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

SVB Financial Group

whose address is: **3003 Tasman Drive (HA-200)**
Santa Clara, CA 95054
Tax ID: 91-1962278

Dated:_____, 20__

Transferring Holder's Signature: _____

Transferring Holder's Address: _____
_____

Signed in the presence of:

_____

NOTE: The signature to this Assignment Form set forth above must correspond with the name of the Holder as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

In connection with the transfer of the Warrant to the undersigned, the undersigned hereby agrees to be bound by and comply with all of the provisions and obligations applicable to the Holder contained in the Warrant and to execute any further documentation necessary to carry out the intent of the foregoing agreement to be bound.

Transferee Holder's Signature: _____

Transferee Holder's Name: (printed): SVB FINANCIAL GROUP

Transferee Holder's Address: 3003 Tasman Drive (HA-200)
Santa Clara, CA 95054

Exhibit 4.5

WARRANT TO PURCHASE STOCK

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Guidewire Software, Inc., a Delaware corporation (the **"Company"**)
Number of Shares:	(i) The Warrant shall initially be exercisable for 8,940 shares of Series C Preferred (the "Initial Commitment Shares"). (ii) In the event the Company achieves the Milestone (as defined in the Loan Agreement) and the Growth Capital Loan Commitment is increased to $5,000,000, this Warrant shall be exercisable for an additional 8,939 shares of Series C Preferred (the "Additional Commitment Shares"). (iii) The Warrant will be exercisable for up to an additional, 5,960 shares of Series C Preferred in the manner set forth in Section 1.7 hereof (the "Initial Advance Shares"). (iv) In the event the Company achieves the Milestone and the Growth Capital Loan Commitment is increased to $5,000,000, the Warrant will be exercisable for up to an additional 5,959 shares of Series C Preferred in the manner set forth in Section 1.7 hereof (the "Additional Advance Shares"). The Number of Shares set forth in clauses (i) through (iv) above shall be subject to further adjustment pursuant to Section 2 hereof
Class of Stock:	Series C Preferred Stock of the Company (the **"Series C Preferred")**
Warrant Price:	$5.0339 per share (the **"Warrant Price")**
Issue Date:	March 28, 2008 (the **"Issue Date")**
Expiration Date:	This Warrant shall expire (the "Expiration Date") as set forth in Section 1.6(b), Section 5.1 or, if earlier: (i) with respect to the Initial Commitment Shares, March 28, 2015,

(ii) with respect to the Additional Commitment Shares, the earlier of (A) March 28, 2015 and (B) if the Company fails to achieve the Milestone or the Growth Loan Commitment is not increased to $5,000,000, July 31, 2008,

(iii) with respect to the Initial Advance Shares, March 28, 2015 or such earlier time set forth in Section 1.7, and

(iv) with respect to the Additional Advance Shares, the earlier of (A) March 28, 2015 and (B) if the Company fails to achieve the Milestone or the Growth Loan Commitment is not increased to $5,000,000, July 31, 2008, or such earlier time set forth in Section 1.7 .

Credit Facility: This Warrant is issued in connection with the Growth Capital Loan referenced in the Loan and Security Agreement among Company, Silicon Valley Bank, and Gold Hill Venture Lending 03, LP dated March 28, 2008 (the **"Loan Agreement")**

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK **("Holder")** is entitled to purchase that number of fully paid and nonassessable shares of Series C Preferred set forth above or that number of shares otherwise purchasable upon exercise of this Warrant pursuant to the provisions herein (the **"Shares"**) at the Warrant Price, all as set forth above and as adjusted pursuant to Article 2 of this Warrant and subject to the provisions and upon the terms and conditions set forth in this Warrant. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise in substantially the form attached as Appendix 1 (the **"Notice of Exercise")** to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon exercise of the portion of the Warrant being converted minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded in a public market and the Shares are common stock, the fair market value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the "price to public" per share price specified in the final prospectus relating to such offering). If the Company's common stock is traded in a public market and the Shares are preferred stock, the fair market value of a Share shall be the closing price of a share of the Company's common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or, in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the initial "price to public" per share price specified in the final prospectus relating to such offering), in both cases, multiplied by the number of shares of the Company's common stock into which a Share is convertible. If the Company's common stock is not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, or surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition of Company.

a. "Acquisition". For the purpose of this Warrant, **"Acquisition"** means any reorganization, consolidation, or merger or other business combination of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction (based on their respective ownership interests as constituted immediately prior to such transaction), or any sale, license, or other disposition of all or substantially all of the assets of the Company.

b. Treatment of Warrant at Acquisition.

(i) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition in which the sole consideration is cash and/or marketable securities, either (A) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition or (B) if Holder elects not to exercise the Warrant, this Warrant will expire upon the consummation of such Acquisition. The Company shall provide the Holder with written notice of its request relating to the foregoing (together with such reasonable information as the Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

(ii) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition that is an "arm's-length" sale of all or substantially all of the Company's assets (and only its assets) to a third party that is not an Affiliate (as defined below) of the Company (a **"True Asset Sale"**), either (A) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition or (B) if Holder elects not to exercise the Warrant, this Warrant will continue until the Expiration Date if the Company continues as a going concern following the closing of any such True Asset Sale. The Company shall provide the Holder with written notice of its request relating to the foregoing (together with such reasonable information as the Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

(iii) Upon the written consent of the Company, Holder agrees that, in the event of a stock-for-stock Acquisition of the Company by a publicly traded acquirer if, on the record date for the Acquisition, the fair market value of the Shares (or other securities issuable upon exercise of this Warrant) is equal to or greater than three times (3x) the Warrant Price, the Company may require the Warrant to be deemed automatically exercised and the Holder shall participate in the Acquisition as a holder of the Shares (or other securities issuable upon exercise of the Warrant) on the same terms as other holders of the same class of securities of the Company.

(iv) Upon the closing of any Acquisition other than those particularly described in subsections (i), (ii) and (iii) above, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and its subsequent closing. The Warrant Price and/or number of Shares shall be adjusted accordingly.

As used herein **"Affiliate"** shall mean any person or entity that owns or controls directly or indirectly ten (10) percent or more of the stock of Company, any person or entity that controls or is controlled by or is under common control with such persons or entities, and each of such person's or entity's officers, directors, joint venturers or partners, as applicable.

1.7 Number of Shares. The Initial Advance Shares and the Additional Advance Shares (collectively, the "Advance Shares") shall become exercisable as follows: for each and every Growth Capital Advance under the Loan Agreement, the number of Advance Shares for which this Warrant is exercisable shall be increased to a number of shares equal to (a) 2% of the Growth Capital Advance amount divided by (b) the Warrant Price multiplied by (c) 0.4. At such time as the Company is no longer eligible to receive a Growth Capital Advance, this Warrant shall expire with respect to any and all Advance Shares which have not become exercisable at such time.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the shares of Series C Preferred payable in common stock, or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the shares of Series C Preferred by reclassification or otherwise into a greater number of shares or takes any other action which increase the amount of securities into which the shares of Series C Preferred are convertible, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of Series C Preferred are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification. Exchange, Combinations or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to common stock pursuant to the terms of the Company's Restated Certificate of Incorporation (the "Certificate") upon the closing of a registered public offering of the Company's common stock. The Company or its successor and Holder shall promptly execute an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, substitution or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this

Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of shares of common stock issuable upon conversion of the Shares, shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects the rights granted to Holder associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other shares of the same series and class as the Shares.

2.4 No Impairment. The Company shall not, by amendment of its Certificate or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article 2 against impairment. The foregoing notwithstanding, the Company shall not have been deemed to have impaired Holder's rights hereunder if the Company amends its Certificate of Incorporation, or the holders of the Company's preferred stock waive rights thereunder or elsewhere, in a manner that does not affect the Shares differently from the effect that such amendments or waivers have generally on the rights, preferences, privileges or restrictions of the other shares of the same series of stock.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon the date thereof and the series of adjustments leading to such Warrant Price.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to Holder as follows:

(a) As of the Issue Date, the initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share of the Series C Preferred at which such shares were last issued in an arms-length transaction in which at least $500,000 of the Series C Preferred were sold.

(b) All Shares which may be issued upon the exercise of the purchase right represented by this Warrant (including Shares issued to account for any adjustments made pursuant to Section 1.7 hereof), and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein, under the Rights Agreement (as defined below) or under applicable federal and state securities laws.

(c) The capitalization table attached hereto as Exhibit A completely and accurately reflects the Company's capitalization as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon any of the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) effect any reclassification or recapitalization of any of its Series C Preferred Stock; (c) to consummate an Acquisition, or to liquidate, dissolve or wind up; or (d) offer holders of registration rights the opportunity to participate in an underwritten public offering of the Company's securities for cash, then, in connection with each such event, the Company shall give Holder: (1) at least 10 days prior written notice of the date on which a record will be taken for such dividend or distribution rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above;
(2) in the case of the matters referred to in (b) and (c) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (d) above, the same notice as is given to the holders of such registration rights. The Company also agrees to provide information reasonably requested by Holder (at Holder's cost) to enable Holder to comply with Holder's accounting or legal reporting requirements; provided that the Company shall not be obligated to provide information that is protected by attorney-client privilege.

3.3 Registration Under The Act. The Company shall join the Holder as a party to the Company's Investor Rights Agreement in effect on the date hereof for the purposes of granting Holder certain S-3 and incidental, or "Piggyback," registration rights with respect to the shares of common stock issuable upon the conversion of the Shares, and Holder agrees to be bound by and subject to the terms and conditions of that certain Second Amended and Restated Investors' Rights Agreement, as amended from time to time (the "Rights Agreement"), including the restrictions set forth in Section 1.15 thereof.

3.4 No Stockholder Rights. This Warrant does not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company prior to the exercise or conversion hereof.

ARTICLE 4. REPRESENTATIONS. WARRANTIES AND COVENANTS OF HOLDER.

Holder represents, warrants, and covenants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant (or upon conversion thereof) by Holder (collectively, the "Securities") will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that Holder has not been formed for the specific purpose of acquiring the Securities.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and the Securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and the Securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and the Securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and the Securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and the Securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof and any securities issued in connection therewith must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Authorization. Holder represents that it has full power and authority to enter into this Warrant. This Warrant constitutes Holder's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights and (b) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

ARTICLE 5. MISCELLANEOUS.

5.1 Term: This Warrant is exercisable in whole or in part at any time and from time to time on or before the earlier of (a) the Expiration Date or (b) as set froth in Article 1.6(b) hereof.

5.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

> THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD OF UP TO 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) AFTER THE EFFECTIVE DATE OF THE COMPANY'S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE COMPANY'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company) and any other contractual restrictions between the Company and the Holder contained herein. The Company shall not require Holder to provide an opinion of counsel if the transfer is to Holder's parent company, SVB Financial Group (formerly Silicon Valley Bancshares), or any other affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

5.4 Transfer Procedure. Upon receipt by Holder of the executed Warrant, Holder will transfer all of this Warrant to Holder's parent company, SVB Financial Group, by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Section 5.3, and upon providing Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, that, in connection with any such transfer: (a) SVB Financial Group or any subsequent Holder provides the Company with notice of the portion of the Warrant being transferred, which notice shall include the name, address and taxpayer identification number of the transferee(s); (b) transferee agrees to be bound by the terms and conditions of this Warrant and confirms the accuracy of the representations set forth in Article 4 hereof with respect to such transferee; and (c) Holder surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices and other communications from the Company to Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid (or on the first business day after transmission by facsimile), at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such holder from time to time. Effective upon receipt of the fully executed Warrant and the initial transfer described in Section 5.4 above, all notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200
Santa Clara, California 95054
Telephone: (408) 654-7400
Facsimile: (408) 496-2405

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Guidewire Software, Inc.
Attn: Mike Shahbazian
2211 Bridgepointe Parkway, Suite 300
San Mateo, California 04404
Facsimile: (650) 357-9101
E-mail: mshahbazian@guidewire.com

5.6 Waiver. This Warrant and any other documents delivered pursuant to this Warrant constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof. This Warrant and any term hereof may be changed, waived, discharged or terminated only by the written consent of the Company and Holders; or if this Warrant has been assigned in part, by the holders of the rights to purchase a majority of the Shares originally issuable pursuant to this Warrant.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be converted pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares (or such other securities) issued upon such conversion to Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and delivered as of the Issue Date specified above.

"COMPANY"
GUIDEWIRE SOFTWARE, INC.

By: /s/ Michael Shahbazian
Name: Michael Shahbazian
Title: CFO

"HOLDER"
SILICON VALLEY BANK

By: /s/ Tim Walsh
Name: Tim Walsh
Title: Senior Relationship Manager

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the Series C Preferred Stock of Guidewire, Inc. (the Company") pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 and each of its obligations pursuant to Sections 5.2, 5.3 and 5.4 of the Warrant as the date hereof.

HOLDER:

By: _____
Name: _____
Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply the required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

SVB Financial Group

whose address is: **3003 Tasman Drive (HA 200)**
Santa Clara, CA 95054
Tax ID: 91-1962278

Dated: _____, 20__

Transferring Holder's Signature: _____

Transferring Holder's Address: _____
_____

Signed in the presence of:

_____

NOTE: The signature to this Assignment Form set forth above must correspond with the name of the Holder as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

In connection with the transfer of the Warrant to the undersigned, the undersigned hereby agrees to be bound by and comply with all of the provisions and obligations applicable to the Holder contained in the Warrant and to execute any further documentation necessary to carry out the intent of the foregoing agreement to be bound.

Transferee Holder's Signature: _____

Transferee Holder's Name: (printed): **SVB FINANCIAL GROUP**

Transferee Holder's Address: **3003 Tasman Drive (HA 200)**
Santa Clara, CA 95054

Exhibit 4.6

WARRANT TO PURCHASE STOCK

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Guidewire Software, Inc., a Delaware corporation (the "**Company**")
Number of Shares:	(1) The Warrant shall initially be exercisable for 8,940 shares of Series C Preferred (the "Initial Commitment Shares"). (ii) In the event the Company achieves the Milestone (as defined in the Loan Agreement) and the Growth Capital Loan Commitment is increased to $5,000,000, this Warrant shall be exercisable for an additional 8,939 shares of Series C Preferred (the "Additional Commitment Shares"). (iii) The Warrant will be exercisable for up to an additional, 5,960 shares of Series C Preferred in the manner set forth in Section 1.7 hereof (the "Initial Advance Shares"). (iv) In the event the Company achieves the Milestone and the Growth Capital Loan Commitment is increased to $5,000,000, the Warrant will be exercisable for up to an additional 5,959 shares of Series C Preferred in the manner set forth in Section 1.7 hereof (the "Additional Advance Shares"). The Number of Shares set forth in clauses (i) through (iv) above shall be subject to further adjustment pursuant to Section 2 hereof
Class of Stock:	Series C Preferred Stock of the Company (the "**Series C Preferred**")
Warrant Price:	$5.0339 per share (the "**Warrant Price**")
Issue Date:	March 28, 2008 (the "**Issue Date**")
Expiration Date:	This Warrant shall expire (the "Expiration Date") as set forth in Section 1.6(b), Section 5.1 or, if earlier: (i) with respect to the Initial Commitment Shares, March 28, 2015,

(ii) with respect to the Additional Commitment Shares, the earlier of (A) March 28, 2015 and (B) if the Company fails to achieve the Milestone or the Growth Loan Commitment is not increased to $5,000,000, July 31, 2008,

(iii) with respect to the Initial Advance Shares, March 28, 2015 or such earlier time set forth in Section 1.7, and

(iv) with respect to the Additional Advance Shares, the earlier of (A) March 28, 2015 and (B) if the Company fails to achieve the Milestone or the Growth Loan Commitment is not increased to $5,000,000, July 31, 2008, or such earlier time set forth in Section 1.7 .

Credit Facility: This Warrant is issued in connection with the Growth Capital Loan referenced in the Loan and Security Agreement among Company, Silicon Valley Bank, and Gold Hill Venture Lending 03, LP dated March 28, 2008 (the **"Loan Agreement")**

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, GOLD HILL VENTURE LENDING 03, LP **("Holder")** is entitled to purchase that number of fully paid and nonassessable shares of Series C Preferred set forth above or that number of shares otherwise purchasable upon exercise of this Warrant pursuant to the provisions herein (the **"Shares")** at the Warrant Price, all as set forth above and as adjusted pursuant to Article 2 of this Warrant and subject to the provisions and upon the terms and conditions set forth in this Warrant. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise in substantially the form attached as Appendix 1 (the **"Notice of Exercise")** to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of the Shares or other securities otherwise issuable upon exercise of the portion of the Warrant being converted minus the aggregate Warrant Price of such Shares by (b) the fair market value of one Share. The fair market value of the Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded in a public market and the Shares are common stock, the fair market value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the "price to public" per share price specified in the final prospectus relating to such offering). If the Company's common stock is traded in a public market and the Shares are preferred stock, the fair market value of a Share shall be the closing price of a share of the Company's common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or, in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering, the initial "price to public" per share price specified in the final prospectus relating to such offering), in both cases, multiplied by the number of shares of the Company's common stock into which a Share is convertible. If the Company's common stock is not traded in a public market, the Board of Directors of the Company shall determine fair market value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing the Shares not so acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, or surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition of Company.

a. "Acquisition". For the purpose of this Warrant, **"Acquisition"** means any reorganization, consolidation, or merger or other business combination of the Company where the holders of the Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction (based on their respective ownership interests as constituted immediately prior to such transaction), or any sale, license, or other disposition of all or substantially all of the assets of the Company.

b. Treatment of Warrant at Acquisition.

(i) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition in which the sole consideration is cash and/or marketable securities, either (A) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition or (B) if Holder elects not to exercise the Warrant, this Warrant will expire upon the consummation of such Acquisition. The Company shall provide the Holder with written notice of its request relating to the foregoing (together with such reasonable information as the Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

(ii) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition that is an "arm's-length" sale of all or substantially all of the Company's assets (and only its assets) to a third party that is not an Affiliate (as defined below) of the Company (a **"True Asset Sale"**), either (A) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition or (B) if Holder elects not to exercise the Warrant, this Warrant will continue until the Expiration Date if the Company continues as a going concern following the closing of any such True Asset Sale. The Company shall provide the Holder with written notice of its request relating to the foregoing (together with such reasonable information as the Holder may request in connection with such contemplated Acquisition giving rise to such notice), which is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

(iii) Upon the written consent of the Company, Holder agrees that, in the event of a stock-for-stock Acquisition of the Company by a publicly traded acquirer if, on the record date for the Acquisition, the fair market value of the Shares (or other securities issuable upon exercise of this Warrant) is equal to or greater than three times (3x) the Warrant Price, the Company may require the Warrant to be deemed automatically exercised and the Holder shall participate in the Acquisition as a holder of the Shares (or other securities issuable upon exercise of the Warrant) on the same terms as other holders of the same class of securities of the Company.

(iv) Upon the closing of any Acquisition other than those particularly described in subsections (i), (ii) and (iii) above, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and its subsequent closing. The Warrant Price and/or number of Shares shall be adjusted accordingly.

As used herein **"Affiliate"** shall mean any person or entity that owns or controls directly or indirectly ten (10) percent or more of the stock of Company, any person or entity that controls or is controlled by or is under common control with such persons or entities, and each of such person's or entity's officers, directors, joint venturers or partners, as applicable.

1.7 Number of Shares. The Initial Advance Shares and the Additional Advance Shares (collectively, the "Advance Shares") shall become exercisable as follows: for each and every Growth Capital Advance under the Loan Agreement, the number of Advance Shares for which this Warrant is exercisable shall be increased to a number of shares equal to (a) *2%* of the Growth Capital Advance amount divided by (b) the Warrant Price multiplied by (c) 0.6. At such time as the Company is no longer eligible to receive a Growth Capital Advance, this Warrant shall expire with respect to any and all Advance Shares which have not become exercisable at such time.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the shares of Series C Preferred payable in common stock, or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the shares of Series C Preferred by reclassification or otherwise into a greater number of shares or takes any other action which increase the amount of securities into which the shares of Series C Preferred are convertible, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of Series C Preferred are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution, or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to common stock pursuant to the terms of the Company's Restated Certificate of Incorporation (the "Certificate") upon the closing of a registered public offering of the Company's common stock. The Company or its successor and Holder shall promptly execute an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, substitution or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this

Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, substitutions, or other events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of shares of common stock issuable upon conversion of the Shares, shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived without the prior written consent of Holder unless such amendment, modification or waiver affects the rights granted to Holder associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other shares of the same series and class as the Shares.

2.4 No Impairment. The Company shall not, by amendment of its Certificate or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article 2 against impairment. The foregoing notwithstanding, the Company shall not have been deemed to have impaired Holder's rights hereunder if the Company amends its Certificate of Incorporation, or the holders of the Company's preferred stock waive rights thereunder or elsewhere, in a manner that does not affect the Shares differently from the effect that such amendments or waivers have generally on the rights, preferences, privileges or restrictions of the other shares of the same series of stock.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price in effect upon the date thereof and the series of adjustments leading to such Warrant Price.

ARTICLE 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to Holder as follows:

(a) As of the Issue Date, the initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share of the Series C Preferred at which such shares were last issued in an arms-length transaction in which at least $500,000 of the Series C Preferred were sold.

(b) All Shares which may be issued upon the exercise of the purchase right represented by this Warrant (including Shares issued to account for any adjustments made pursuant to Section 1.7 hereof), and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein, under the Rights Agreement (as defined below) or under applicable federal and state securities laws.

(c) The capitalization table attached hereto as Exhibit A completely and accurately reflects the Company's capitalization as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon any of the Shares, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) effect any reclassification or recapitalization of any of its Series C Preferred Stock; (c) to consummate an Acquisition, or to liquidate, dissolve or wind up; or (d) offer holders of registration rights the opportunity to participate in an underwritten public offering of the Company's securities for cash, then, in connection with each such event, the Company shall give Holder: (1) at least 10 days prior written notice of the date on which a record will be taken for such dividend or distribution rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; (2) in the case of the matters referred to in (b) and (c) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (d) above, the same notice as is given to the holders of such registration rights. The Company also agrees to provide information reasonably requested by Holder (at Holder's cost) to enable Holder to comply with Holder's accounting or legal reporting requirements; provided that the Company shall not be obligated to provide information that is protected by attorney-client privilege.

3.3 Registration Under The Act. The Company shall join the Holder as a party to the Company's Investor Rights Agreement in effect on the date hereof for the purposes of granting Holder certain S-3 and incidental, or "Piggyback," registration rights with respect to the shares of common stock issuable upon the conversion of the Shares, and Holder agrees to be bound by and subject to the terms and conditions of that certain Second Amended and Restated Investors' Rights Agreement, as amended from time to time (the "Rights Agreement"), including the restrictions set forth in Section 1.15 thereof.

3.4 No Stockholder Rights. This Warrant does not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company prior to the exercise or conversion hereof.

ARTICLE 4. REPRESENTATIONS. WARRANTIES AND COVENANTS OF HOLDER.

Holder represents, warrants, and covenants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant (or upon conversion thereof) by Holder (collectively, the "Securities") will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that Holder has not been formed for the specific purpose of acquiring the Securities.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and the Securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and the Securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and the Securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and the Securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and the Securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof and any securities issued in connection therewith must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Authorization. Holder represents that it has full power and authority to enter into this Warrant. This Warrant constitutes Holder's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights and (b) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

ARTICLE 5. MISCELLANEOUS.

5.1 Term: This Warrant is exercisable in whole or in part at any time and from time to time on or before the earlier of (a) the Expiration Date or (b) as set froth in Article 1.6(b) hereof.

5.2 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

> THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD OF UP TO 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) AFTER THE EFFECTIVE DATE OF THE COMPANY'S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE COMPANY'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company) and any other contractual restrictions between the Company and the Holder contained herein. The Company shall not require Holder to provide an opinion of counsel if the transfer is to any affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

5.4 Transfer Procedure. Upon receipt by Holder of the executed Warrant, Holder will transfer all of this Warrant to Holder's parent company, SVB Financial Group, by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Section 5.3, and upon providing Company

with written notice, any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, that, in connection with any such transfer: (a) any subsequent Holder provides the Company with notice of the portion of the Warrant being transferred, which notice shall include the name, address and taxpayer identification number of the transferee(s); (b) transferee agrees to be bound by the terms and conditions of this Warrant and confirms the accuracy of the representations set forth in Article 4 hereof with respect to such transferee; and (c) Holder surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). The Company may refuse to transfer this Warrant or the Shares to any person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded.

5.5 Notices. All notices and other communications from the Company to Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid (or on the first business day after transmission by facsimile), at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such holder from time to time. Effective upon receipt of the fully executed Warrant and the initial transfer described in Section 5.4 above, all notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Gold Hill Venture Lending 03, LP
Attn: Tim McDonough
One Almaden Blvd, Suite 630
San Jose, CA 95113
Telephone: (408) 200-7848
Facsimile: (408) 200-7841

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Guidewire Software, Inc.
Attn: Mike Shahbazian
2211 Bridgepointe Parkway, Suite 300
San Mateo, California 04404
Facsimile: (650) 357-9101
E-mail: mshahbazian@guidewire.com

5.6 Waiver. This Warrant and any other documents delivered pursuant to this Warrant constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof. This Warrant and any term hereof may be changed, waived, discharged or terminated only by the written consent of the Company and Holders; or if this Warrant has been assigned in part, by the holders of the rights to purchase a majority of the Shares originally issuable pursuant to this Warrant.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be converted pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares (or such other securities) issued upon such conversion to Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and delivered as of the Issue Date specified above.

"COMPANY"
GUIDEWIRE SOFTWARE, INC.

By: /s/ Michael Shahbazian
Name: Michael Shahbazian
Title: CFO

"HOLDER"
GOLD HILL VENTURE LENDING 03, LP
By: Gold Hill Venture Lending Partners 03,
LLC, its General Partner

By: /s/ Rob Helm
Name: Rob Helm
Title: Managing Director
Gold Hill Capital

[Signature page to Gold Hill Warrant]

APPENDIX 1

NOTICE OF EXERCISE

1. Holder elects to purchase _____ shares of the Series C Preferred Stock of Guidewire, Inc. (the Company") pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 and each of its obligations pursuant to Sections 5.2, 5.3 and 5.4 of the Warrant as the date hereof.

HOLDER:

By: _____
Name: _____
Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply the required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

whose address is:

Dated: _____, 20__

Transferring Holder's Signature: _____

Transferring Holder's Address: _____

_____

Signed in the presence of:

_____

NOTE: The signature to this Assignment Form set forth above must correspond with the name of the Holder as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

In connection with the transfer of the Warrant to the undersigned, the undersigned hereby agrees to be bound by and comply with all of the provisions and obligations applicable to the Holder contained in the Warrant and to execute any further documentation necessary to carry out the intent of the foregoing agreement to be bound.

Transferee Holder's Signature: _____

Transferee Holder's Name: (printed):

Transferee Holder's Address:

GUIDEWIRE SOFTWARE, INC.

2006 STOCK PLAN

ADOPTED ON FEBRUARY 7, 2007, AMENDED ON JUNE 1, 2007, JUNE 28, 2007 AND SEPTEMBER 20, 2007 AND AMENDED AND RESTATED ON JULY 28, 2009

TABLE OF CONTENTS

SECTION 1. ESTABLISHMENT AND PURPOSE.

The Plan is adopted as an amendment and restatement of the 2002 Stock Option/Stock Issuance Plan. 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 purchasing Shares of the Company's Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. 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 12.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan may be administered by one or more Committees. Each Committee shall consist of one or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) Authority of the Board of Directors. Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Purchasers, all Optionees and all persons deriving their rights from a Purchaser or Optionee.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees, Outside Directors and Consultants shall be eligible for the grant of Nonstatutory Options or the direct award or sale of Shares. 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 for designation as an Optionee or Purchaser unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the date of grant, (ii) the Purchase Price (if any) is at least 100% of the Fair Market Value of a Share and (iii) in the case of an ISO, 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. Not more than twelve million nine hundred ten thousand one hundred eighty-two (12,910,182) Shares[1] may be issued under the Plan (subject to Subsection (b) below and Section 8(a)); *provided however* that for each Share the Company issues upon exercise of options granted under its 2009 Stock Plan, then one Share shall be reduced from the number of Shares available to be issued under this Plan. All of these Shares may be issued upon the exercise of ISOs. The number of Shares that are subject to Options or other rights outstanding at any time under the Plan shall not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan may be authorized but unissued Shares or treasury Shares.

(b) Additional Shares. In the event that Shares previously issued under the Plan are reacquired by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that an outstanding Option or other right for any reason expires or is canceled, the Shares allocable to the unexercised portion of such Option or other right shall be added to the number of Shares then available for issuance under the Plan.

SECTION 5. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Purchase Agreement. Each award or sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Purchaser 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 Board of Directors deems appropriate for inclusion in a Stock Purchase Agreement. The provisions of the various Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to acquire Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Purchaser within 30 days after the grant of such right was communicated to the Purchaser by the Company. Such right shall not be transferable and shall be exercisable only by the Purchaser to whom such right was granted.

(c) Purchase Price. The Purchase Price of Shares to be offered under the Plan shall not be less than 85% of the Fair Market Value of such Shares, and a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors shall determine the Purchase Price at its sole discretion. The Purchase Price shall be payable in a form described in Section 7.

(d) Withholding Taxes. As a condition to the purchase of Shares, the Purchaser shall make such arrangements as the Board of Directors may require for the

[1] Includes 777,000-share increase approved by the Board of Directors on June 1, 2007 to be effective on June 28, 2007, 471,340-share increase approved by the Board of Directors on June 28, 2007 to be effective September 20, 2007, and 1,688,848-share increase approved by the Board of Directors on September 20, 2007.

satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such purchase.

(e) Restrictions on Transfer of Shares and Minimum Vesting. Any Shares awarded or sold under the Plan shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine. Such restrictions shall be set forth in the applicable Stock Purchase Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In the case of a Purchaser who is not an officer of the Company, an Outside Director or a Consultant:

(i) Any right to repurchase the Purchaser's Shares at the original Purchase Price (if any) upon termination of the Purchaser's Service shall lapse at least as rapidly as 20% per year over the five-year period commencing on the date of the award or sale of the Shares;

(ii) Any such right may be exercised only for cash or for cancellation of indebtedness incurred in purchasing the Shares; and

(iii) Any such right may be exercised only within 90 days after the termination of the Purchaser's Service.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option 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 Board of Directors deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 8. The Stock Option Agreement shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Stock Option 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 Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 7.

(d) Exercisability. Each Stock Option 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 Stock Option Agreement to the Company or (ii) otherwise agrees to be bound by the terms of the Stock Option Agreement. In the case of an Optionee who is not an officer of the Company, an Outside Director or a Consultant, an Option shall become exercisable at least as rapidly as 20% per year over the five-

year period commencing on the date of grant. Subject to the preceding sentence, the Board of Directors shall determine the exercisability provisions of the Stock Option Agreement at its sole discretion. All of an Optionee's Options shall become exercisable in full if Section 8(b)(iv) applies.

(e) Basic Term. The Stock Option 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 Board of Directors at its sole discretion shall determine when an Option is to expire.

(f) Termination of Service (Except by Death). 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, bequest or inheritance, 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) Leaves of Absence. For purposes of Subsection (f) above, Service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

(h) Death of Optionee. If an Optionee dies while the Optionee is in 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, bequest or inheritance, 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.

(i) Restrictions on Transfer of Shares and Minimum Vesting. Any Shares issued upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In the case of an Optionee who is not an officer of the Company, an Outside Director or a Consultant:

(i) Any right to repurchase the Optionee's Shares at the original Exercise Price upon termination of the Optionee's Service shall lapse at least as rapidly as 20% per year over the five-year period commencing on the date of the option grant;

(ii) Any such right may be exercised only for cash or for cancellation of indebtedness incurred in purchasing the Shares; and

(iii) Any such right may be exercised only within 90 days after the later of (A) the termination of the Optionee's Service or (B) the date of the option exercise.

(j) Transferability of Options. An Option shall be transferable by the Optionee only by (i) a beneficiary designation, (ii) a will or (iii) the laws of descent and distribution, except as provided in the next sentence. If the applicable Stock Option Agreement so provides, a Nonstatutory Option shall also be transferable by gift or domestic relations order to a Family Member of the Optionee. An ISO may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

(k) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(l) 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 person becomes entitled to receive such Shares by filing a notice of exercise and paying the Exercise Price pursuant to the terms of such Option.

(m) 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.

SECTION 7. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares 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 Board of Directors, Shares may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary prior to the award.

(c) Promissory Note. At the discretion of the Board of Directors, all or a portion of the Purchase Price or Exercise Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note.

(d) Surrender of Stock. At the discretion of the Board of Directors, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. 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 a Stock Option Agreement so provides, and if Stock is publicly traded, 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.

(f) Other Forms of Payment. To the extent that a Stock Purchase Agreement or Stock Option 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. ADJUSTMENT OF SHARES.

(a) General. In the event of a 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, or any other increase or decrease in the number of issued shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the number of Shares available for future grants under Section 4, (ii) the number of Shares covered by each outstanding Option and (iii) the Exercise Price under each outstanding Option. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors at its sole discretion may make appropriate adjustments in one or more of (i) the number of Shares available for future grants under Section 4, (ii) the number of Shares covered by each outstanding Option or (iii) the Exercise Price under each outstanding Option.

(b) Mergers and Consolidations. In the event that the Company is a party to a merger or consolidation, all outstanding Options shall be subject to the agreement of merger or consolidation. Such agreement shall provide for one or more of the following:

(i) The continuation of such outstanding Options by the Company (if the Company is the surviving corporation).

(ii) The assumption of such outstanding Options by the surviving corporation or its parent in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs).

(iii) The substitution by the surviving corporation or its parent of new options for such outstanding Options in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs).

(iv) Full exercisability of such outstanding Options and full vesting of the Shares subject to such Options, followed by the cancellation of such Options. The full exercisability of such Options and full vesting of the Shares subject to such Options may be contingent on the closing of such merger or consolidation. The Optionees shall be able to exercise such Options during a period of not less than five full business days preceding the closing date of such merger or consolidation, unless (A) a shorter period is required to permit a timely closing of such merger or consolidation and (B) such shorter period still offers the Optionees a reasonable opportunity to exercise such Options. Any exercise of such Options during such period may be contingent on the closing of such merger or consolidation.

(v) The cancellation of such outstanding Options and a payment to the Optionees equal to the excess of (A) the Fair Market Value of the Shares subject to such Options (whether or not such Options are then exercisable or such Shares are then vested) as of the closing date of such merger or consolidation over (B) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Options would have become exercisable or such Shares would have vested. Such payment may be subject to vesting based on the Optionee's continuing Service, provided that the vesting schedule shall not be less favorable to the Optionee than the schedule under which such Options would have become exercisable or such Shares would have vested. If the Exercise Price of the Shares subject to such Options exceeds the Fair Market Value of such Shares, then such Options may be cancelled without making a payment to the Optionees. For purposes of this Paragraph (v), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(c) Reservation of Rights. Except as provided in this Section 8, an Optionee or Purchaser 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 of Shares subject to an Option. The grant of an Option 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 9. SECURITIES LAW REQUIREMENTS.

(a) General. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded.

(b) Financial Reports. The Company each year shall furnish to Optionees, Purchasers and stockholders who have received Stock under the Plan its balance sheet and income statement, unless such Optionees, Purchasers or stockholders are key Employees whose duties with the Company assure them access to equivalent information. Such balance sheet and income statement need not be audited.

SECTION 10. NO RETENTION RIGHTS.

Nothing in the Plan or in any right or Option granted under the Plan shall confer upon the Purchaser or Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Purchaser or Optionee) or of the Purchaser or Optionee, 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 11. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan shall serve as an amendment and restatement of the 2002 Stock Option/Stock Issuance Plan. The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors, subject to the approval of the Company's stockholders. If the stockholders fail to approve the Plan within 12 months after its adoption by the Board of Directors, then any grants, exercises or sales that have already occurred under the Plan shall be rescinded and no additional grants, exercises or sales shall thereafter be made under the Plan. The Plan shall terminate automatically 10 years after the later of (i) the date the Board of Directors adopted the amendment and restatement 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. All options outstanding under the Plan prior to this amendment and restatement as of such date shall, immediately upon adoption of the restated Plan, remain outstanding in accordance with their terms and shall continue to be governed solely by the terms of the documents evidencing such option.

(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; provided, however, that any amendment of the Plan shall be subject to the approval of the Company's stockholders if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 8) or (ii) materially changes the class of persons who are eligible for the grant of ISOs. Stockholder approval shall not be required for any other amendment of the Plan. If the stockholders fail to approve an increase in the number of Shares reserved under Section 4 within 12 months after its adoption by the Board of Directors, then any grants, exercises or sales that have already occurred in reliance on such increase shall be rescinded and no additional grants, exercises or sales shall thereafter be made in reliance on such increase.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

SECTION 12. DEFINITIONS.

(a) **"2009 Stock Plan"** shall mean the Guidewire Software, Inc. 2009 Stock Plan approved by the Board of Directors on July 28, 2009.

(b) **"Board of Directors"** shall mean the Board of Directors of the Company, as constituted from time to time.

(c) **"Change in Control"** shall mean a change in ownership or control of the Company effected through any of the following transactions:

i. a stockholder-approved merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or

ii. a stockholder-approved sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company, or

iii. the acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company), of beneficial ownership (within the meaning of Rule 13-d3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders.

In no event shall any public offering of the Company's securities be deemed to constitute a Change in Control.

(d) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(e) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2(a).

(f) "**Company**" shall mean Guidewire Software, Inc., a Delaware corporation.

(g) "**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.

(h) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(i) "**Employee**" shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(j) "**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 Stock Option Agreement.

(k) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in accordance with applicable law. Such determination shall be conclusive and binding on all persons.

(l) "**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 Optionee's household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) or the Optionee control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) or the Optionee own more than 50% of the voting interests.

(m) "**ISO**" shall mean an employee incentive stock option described in Section 422(b) of the Code.

(n) "**Nonstatutory Option**" shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(o) "**Option**" shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(p) "**Optionee**" shall mean a person who holds an Option.

(q) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(r) "**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.

(s) "**Plan**" shall mean this Guidewire Software, Inc. 2006 Stock Plan.

(t) "**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.

(u) "**Purchaser**" shall mean a person to whom the Board of Directors has offered the right to acquire Shares under the Plan (other than upon exercise of an Option).

(v) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(w) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 8 (if applicable).

(x) "**Stock**" shall mean the Common Stock of the Company.

(y) "**Stock Option Agreement**" shall mean the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to the Optionee's Option.

(z) "**Stock Purchase Agreement**" shall mean the agreement between the Company and a Purchaser who acquires Shares under the Plan that contains the terms, conditions and restrictions pertaining to the acquisition of such Shares.

(aa) "**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.

GUIDEWIRE SOFTWARE, INC. 2006 STOCK PLAN

NOTICE OF STOCK OPTION GRANT
(EARLY EXERCISE)

The Optionee has been granted the following option to purchase shares of the Common Stock of Guidewire Software, Inc.:

Name of Optionee:	«Name»
Total Number of Shares:	«Total_Shares»
Type of Option:	«ISO» Incentive Stock Option (ISO) «NSO» Nonstatutory Stock Option (NSO)
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Date Exercisable:	Except as otherwise provided in the Stock Option Agreement, this option may be exercised at any time after the Date of Grant for all or any part of the Shares subject to this option.
Vesting Commencement Date:	«VestComDate»
Vesting Schedule:	The Right of Repurchase shall lapse with respect to the first 25% of the Shares subject to this option when the Optionee completes 12 months of continuous Service after the Vesting Commencement Date set forth above. The Right of Repurchase shall lapse with respect to an additional 1/48th of the Shares subject to this option when the Optionee completes each month of continuous Service thereafter.
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 Stock Option 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 2006 Stock Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. **Section 14 of the Stock Option Agreement includes important acknowledgements of the Optionee, which are accepted and confirmed by the Optionee's signature below**.

OPTIONEE:

_____

GUIDEWIRE SOFTWARE, INC.

By: _____

Title: _____

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

GUIDEWIRE SOFTWARE, INC. 2006 STOCK PLAN:
STOCK OPTION AGREEMENT
(EARLY EXERCISE)

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice of Stock Option Grant 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 of Stock Option Grant. 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 an NSO, as provided in the Notice of Stock Option Grant.

(b) **$100,000 Limitation**. Even if this option is designated as an ISO in the Notice of Stock Option Grant, 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.

(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 this Agreement by this reference. Capitalized terms are defined in Section 15 of this Agreement.

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 of Stock Option Grant. Shares purchased by exercising this option may be subject to the Right of Repurchase under Section 7. In addition, this option shall become vested and exercisable in full if Section 8(b)(iv) of the Plan applies.

(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 any 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 pursuant to Section 13(b). 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 Purchase Price. In the event of a partial exercise of this option, Shares shall be deemed to have been purchased in the order in which they vest in accordance with the Notice of Stock Option Grant.

(b) **Issuance of Shares**. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates 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 or (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). In the case of Restricted Shares, the Company shall cause such certificates to be deposited in escrow under Section 7(c). In the case of other Shares, the Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

(c) **Withholding Taxes**.

(i) Regardless of any action that the Company or the Optionee's employer (if other than the Company) or a Parent or Subsidiary to which the Optionee provides Service if he or she 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; 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. 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 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); or

(C) withholding in Shares to be issued upon exercise of this option.

(iii) 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 Optionee is deemed, for tax purposes, to have been issued the full number of Shares, notwithstanding that some Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Optionee's participation in the Plan.

(iv) Finally, 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 may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. 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. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) 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 of Stock Option Grant, 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 of Stock Option Grant and Section 3(b) of the Plan applies).

(b) **Termination of Service (Except by Death)**. If the Optionee's Service terminates (as described further in Section 14(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 determined pursuant to Subsection (a) above;

(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.

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 is exercisable for Shares that vested on or before the date when 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 14(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 with respect to any Restricted Shares. 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 under applicable law), bequest or inheritance, but only to the extent that this option was exercisable for vested Shares on or before the date when 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 determined pursuant to Subsection (a) above; 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 under applicable law), bequest or inheritance, but only to the extent that this option had become exercisable for vested Shares 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 and with respect to any Restricted Shares.

(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 of Stock Option Grant 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 under applicable law, the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant 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 of Stock Option Grant, 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 permanent and total disability (as defined in Section 22(e)(3) of the Code);

(ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); 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. RIGHT OF REPURCHASE.

(a) **Scope of Repurchase Right**. Until they vest in accordance with the Notice of Stock Option Grant and Subsection (b) below, the Shares acquired under this Agreement shall be Restricted Shares and shall be subject to the Company's Right of Repurchase. The Company, however, may decline to exercise its Right of Repurchase or may exercise its Right of Repurchase only with respect to a portion of the Restricted Shares. The Company may exercise its Right of Repurchase only during the Repurchase Period following the termination of the Optionee's Service. The Right of Repurchase may be exercised automatically under Subsection (d) below. If the Right of Repurchase is exercised, the Company shall pay the Optionee for each Restricted Share being repurchased an amount equal to the lower of (i) the Exercise Price of such Restricted Share or (ii) the Fair Market Value of such Restricted Share at the time the Right of Repurchase is exercised.

(b) **Lapse of Repurchase Right**. The Right of Repurchase shall lapse with respect to the Restricted Shares in accordance with the vesting schedule set forth in the Notice of Stock Option Grant.

(c) **Escrow**. Upon issuance, the certificate(s) for Restricted Shares shall be deposited in escrow with the Company to be held in accordance with the provisions of this Agreement. Any additional or exchanged securities or other property described in Subsection (f) below shall immediately be delivered to the Company to be held in escrow. All ordinary cash dividends on Restricted Shares (or on other securities held in escrow) shall be paid directly to the Optionee and shall not be held in escrow. Restricted Shares, together with any other assets held in escrow under this Agreement, shall be (i) surrendered to the Company for repurchase upon exercise of the Right of Repurchase or the Right of First Refusal or (ii) released to the Optionee upon his or her request to the extent that the Shares have ceased to be Restricted Shares (but not more frequently than once every six months). In any event, all Shares that have ceased to be Restricted Shares, together with any other vested assets held in escrow under this Agreement, shall be released within 90 days after the earlier of (i) the termination of the Optionee's Service or (ii) the lapse of the Right of First Refusal.

(d) **Exercise of Repurchase Right**. The Company shall be deemed to have exercised its Right of Repurchase automatically for all Restricted Shares as of the commencement of the Repurchase Period, unless the Company during the Repurchase Period notifies the holder of the Restricted Shares pursuant to Section 13(b) that it will not exercise its Right of Repurchase for some or all of the Restricted Shares. During the Repurchase Period, the Company shall pay to the holder of the Restricted Shares the purchase price determined under Subsection (a) above for the Restricted Shares being repurchased. Payment shall be made in cash or cash equivalents and/or by canceling indebtedness to the Company incurred by the Optionee in the purchase of the Restricted Shares. The certificate(s) representing the Restricted Shares being repurchased shall be delivered to the Company.

(e) **Termination of Rights as Stockholder**. If the Right of Repurchase is exercised in accordance with this Section 7 and the Company makes available the consideration for the Restricted Shares being repurchased, then the person from whom the Restricted Shares are repurchased shall no longer have any rights as a holder of the Restricted Shares (other than the right to receive payment of such consideration). Such Restricted Shares shall be deemed to have been repurchased pursuant to this Section 7, whether or not the certificate(s) for such Restricted Shares have been delivered to the Company or the consideration for such Restricted Shares has been accepted.

(f) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Restricted Shares shall immediately be subject to the Right of Repurchase. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Restricted Shares. Appropriate adjustments shall also be made to the price per share to be paid upon the exercise of the Right of Repurchase, provided that the aggregate purchase price payable for the Restricted Shares shall remain the same. In the event of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, the Right of Repurchase may be exercised by the Company's successor.

(g) **Transfer of Restricted Shares**. The Optionee shall not transfer, assign, encumber or otherwise dispose of any Restricted Shares without the Company's written consent, except as provided in the following sentence. The Optionee may transfer Restricted Shares to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Restricted Shares, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(h) **Assignment of Repurchase Right**. The Board of Directors may freely assign the Company's Right of Repurchase, in whole or in part. Any person who accepts an assignment of the Right of Repurchase from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. RIGHT OF FIRST REFUSAL.

(a) **Right of First Refusal**. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed

transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable U.S. federal or state or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) **Transfer of Shares**. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable U.S. federal and state and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 8 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 8.

(d) **Termination of Right of First Refusal**. Any other provision of this Section 8 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers**. This Section 8 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of

the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement and that such transfer is permitted under applicable law. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder**. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 8, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal**. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 8.

SECTION 9. LEGALITY OF INITIAL ISSUANCE.

In addition to certain restrictions set forth in Section 11 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 10. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 11. 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 or other relevant jurisdiction, or any other law. The Company will refuse to transfer the Shares upon exercise thereof, or upon subsequent transfer, if the exercise or other transfer is not in compliance with applicable securities laws, including Regulation S of the Securities Act, pursuant to registration under the Securities Act or pursuant to an available exemption from registration. The Company may require the Optionee or a Transferee of the Shares issued on exercise of the option to deliver an opinion of counsel confirming that the issuance or transfer of the Shares are exempt from registration under the Securities Act.

(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 or the laws of any other jurisdiction, 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.

(c) **Investment Intent at Grant**. The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) **Investment Intent at Exercise**. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an

investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

(e) **Legends**. All certificates evidencing Shares purchased or subscribed for under this Agreement shall bear the following legend:

"THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES AND CERTAIN REPURCHASE RIGHTS UPON TERMINATION OF SERVICE WITH THE COMPANY. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

All certificates evidencing Shares purchased or subscribed for under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

(f) **Removal of Legends**. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 11 shall be conclusive and binding on the Optionee and all other persons.

SECTION 12. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(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 8(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 8(b) of the Plan.

SECTION 13. 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 the Optionee or the Optionee's representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(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 (b).

(c) **Entire Agreement**. The Notice of Stock Option Grant, 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; Venue**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such state without regard to such state's conflict of law provisions. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties as evidenced by 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 this option grant 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 14. 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 an extraordinary item that does not constitute compensation of any kind for Services of any kind rendered to the Company or the Employer, and which is 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 or Subsidiary;

(ix) this option grant and the Optionee's participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or any Parent or Subsidiary;

(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); 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), the Optionee's right 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), 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 Board of Directors shall have the exclusive discretion to determine when the Optionee's active Service is terminated for purposes of this option; and

(xv) this option and the benefits under the Plan, if any, will not transfer automatically to another company in the case of a merger, takeover, or transfer of liability.

(b) **No Advice Regarding Grant**. 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 sale of the Shares acquired under this Agreement or more generally when taking 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 or the Optionee's other compensation. 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. Since Shares are not traded on an established securities market as of the Date of Grant of this option, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the U.S. Internal Revenue Service will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the U.S. Internal Revenue Service asserts that the valuation was too low.

(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.

SECTION 15. DEFINITIONS.

(a) "**Agreement**" shall mean this Stock Option Agreement.

(b) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.

(d) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(e) "**Company**" shall mean Guidewire Software, Inc., a Delaware corporation.

(f) "**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.

(g) "**Date of Grant**" shall mean the date of grant specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee's Service.

(h) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(i) "**Employee**" shall mean any individual who is an active employee of the Company, a Parent or a Subsidiary.

(j) "**Exercise Price**" shall mean the amount for which one Share may be purchased or subscribed for upon exercise of this option, as specified in the Notice of Stock Option Grant.

(k) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(l) "**Immediate Family**" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(m) "**ISO**" shall mean an employee incentive stock option described in Section 422(b) of the Code.

(n) **"Misconduct"** shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Company (or any Parent or Subsidiary), or any other intentional misconduct by Optionee adversely affecting the business or affairs of the Company (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Company (or any Parent or Subsidiary) to discharge or dismiss Optionee or any other person in the Service of the Company (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Misconduct.

(o) "**Notice of Stock Option Grant**" shall mean the document so entitled to which this Agreement is attached.

(p) "**NSO**" shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(q) "**Optionee**" shall mean the person named in the Notice of Stock Option Grant.

(r) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(s) "**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.

(t) "**Plan**" shall mean the Guidewire Software, Inc. 2006 Stock Plan, as in effect on the Date of Grant.

(u) "**Purchase Price**" shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(v) "**Repurchase Period**" shall mean a period of 90 consecutive days commencing on the date when the Optionee's Service terminates for any reason, including (without limitation) death or disability.

(w) "**Restricted Share**" shall mean a Share that is subject to the Right of Repurchase.

(x) "**Right of First Refusal**" shall mean the Company's right of first refusal described in Section 8.

(y) "**Right of Repurchase**" shall mean the Company's right of repurchase described in Section 7.

(z) "**Securities Act**" shall mean the U.S. Securities Act of 1933, as amended.

(aa) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(bb) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 8 of the Plan (if applicable).

(cc) "**Stock**" shall mean the Common Stock of the Company.

(dd) "**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.

(ee) "**Transferee**" shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(ff) "**Transfer Notice**" shall mean the notice of a proposed transfer of Shares described in Section 8.

GUIDEWIRE SOFTWARE, INC. 2006 STOCK PLAN

NOTICE OF STOCK OPTION GRANT
(INTERNATIONAL)

The Optionee has been granted the following option to purchase shares of the Common Stock of Guidewire Software, Inc.:

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 Stock Option Agreement, including any appendix thereto, 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.
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 Stock Option 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 2006 Stock Plan and the Stock Option Agreement, including any special terms and conditions for the Optionee's country contained in an appendix (the "Appendix") to the Stock Option Agreement. The 2006 Stock Plan and the Stock Option Agreement, including the Appendix, are attached to, and made a part of, this Notice of Stock Option Grant. **Section 13 of the Stock Option Agreement includes important acknowledgements of the Optionee, which are accepted and confirmed by the Optionee's signature below**.

OPTIONEE:

_____

GUIDEWIRE SOFTWARE, INC.

By: _____

Title: _____

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

GUIDEWIRE SOFTWARE, INC. 2006 STOCK PLAN:
STOCK OPTION AGREEMENT
(INTERNATIONAL)

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, including the Appendix, 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 of Stock Option Grant. 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 an NSO, as provided in the Notice of Stock Option Grant.

(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 this Agreement by this reference. Capitalized terms are defined in Section 14 of this Agreement.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability**. Subject to Subsection (b) below and the other conditions set forth in this Agreement, including the Appendix, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant. In addition, this option shall become vested and exercisable in full if Section 8(b)(iv) of the Plan applies.

(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, including the Appendix, this option and any 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 pursuant to Section 12(b). 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 Purchase Price. In the event of a partial exercise of this option, Shares shall be deemed to have been purchased in the order in which they vest in accordance with the Notice of Stock Option Grant.

(b) **Issuance of Shares**. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates 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 or (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 to be delivered to or upon the order of the person exercising this option.

(c) **Withholding Taxes**.

(i) Regardless of any action that the Company or the Optionee's employer or a Parent or Subsidiary to which the Optionee provides Service if he or she 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; 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. 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 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); or

(C) withholding in Shares to be issued upon exercise of this option.

(iii) 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 Optionee is deemed, for tax purposes, to have been issued the full number of Shares, notwithstanding that some Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Optionee's participation in the Plan.

(iv) Finally, 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. However, payment pursuant to this Subsection (b) shall be permitted only if (i) Stock then is publicly traded and (ii) 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 of Stock Option Grant, which date is 10 years after the Date of Grant.

(b) **Termination of Service (Except by Death)**. If the Optionee's Service terminates (as described further in Section 13(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 determined pursuant to Subsection (a) above;

(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.

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 is exercisable for Shares that vested on or before the date when 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 13(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. 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 under applicable law), bequest or inheritance, but only to the extent that this option was exercisable for vested Shares on or before the date when 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 determined pursuant to Subsection (a) above; 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 under applicable law), bequest or inheritance, but only to the extent that this option had become exercisable for vested Shares 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 of Stock Option Grant 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 under applicable law, the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant 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. RIGHT OF FIRST REFUSAL.

(a) **Right of First Refusal**. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable U.S. federal or state or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) **Transfer of Shares**. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable U.S. federal and state and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within

such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 7 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 7.

(d) **Termination of Right of First Refusal**. Any other provision of this Section 7 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers**. This Section 7 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement and that such transfer is permitted under applicable law. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder**. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 7, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal**. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. LEGALITY OF INITIAL ISSUANCE.

In addition to certain restrictions set forth in Section 10 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 9. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 10. 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 or other relevant jurisdiction, or any other law. The Company will refuse to transfer the Shares upon exercise thereof, or upon subsequent transfer, if the exercise or other transfer is not in compliance with applicable securities laws, including Regulation S of the Securities Act, pursuant to registration under the Securities Act or pursuant to an available exemption from registration. The Company may require the Optionee or a Transferee of the Shares issued on exercise of the option to deliver an opinion of counsel confirming that the issuance or transfer of the Shares are exempt from registration under the Securities Act.

(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 or the laws of any other jurisdiction, 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.

(c) **Investment Intent at Grant**. The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) **Investment Intent at Exercise**. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

(e) **Legends**. All certificates evidencing Shares purchased or subscribed for under this Agreement shall bear the following legend:

"THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

All certificates evidencing Shares purchased or subscribed for under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

(f) **Removal of Legends**. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 10 shall be conclusive and binding on the Optionee and all other persons.

SECTION 11. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(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 8(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 8(b) of the Plan.

SECTION 12. 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 the Optionee or the Optionee's representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(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 (b).

(c) **Entire Agreement**. The Notice of Stock Option Grant, 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; Venue**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, U.S.A., as such laws are applied to contracts entered into and performed in such state, without regard to such state's conflict of

law provisions. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties as evidenced by 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 this option grant 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 or Subsidiary 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 13. 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 an extraordinary item that does not constitute compensation of any kind for Services of any kind rendered to the Company or the Employer, and which is 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 or Subsidiary;

(ix) this option grant and the Optionee's participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or any Parent or Subsidiary;

(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); 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), the Optionee's right 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.*, active 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), 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 Board of Directors shall have the exclusive discretion to determine when the Optionee's active Service is terminated for purposes of this option; and

(xv) this option and the benefits under the Plan, if any, will not transfer automatically to another company in the case of a merger, takeover, or transfer of liability.

(b) **No Advice Regarding Grant**. 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 sale of the Shares acquired under this Agreement or more generally when taking 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 or the Optionee's other compensation. 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. Since Shares are not traded on an established securities market as of the Date of Grant of this option, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the U.S. Internal Revenue Service or local tax authorities will agree with the valuation, and the Optionee shall not make any claim against the Company or its

Board of Directors, officers or employees in the event that the U.S. Internal Revenue Service or local tax authorities assert that the valuation was too low.

(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.

SECTION 14. DEFINITIONS.

(a) "**Agreement**" shall mean this Stock Option Agreement.

(b) "**Appendix**" shall mean an appendix to this Agreement containing special terms and conditions for the Optionee's country.

(c) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(d) "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.

(e) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(f) "**Company**" shall mean Guidewire Software, Inc., a Delaware corporation.

(g) "**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.

(h) "**Date of Grant**" shall mean the date of grant specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee's Service.

(i) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(j) "**Employee**" shall mean any individual who is an active employee of the Company, a Parent or a Subsidiary.

(k) "**Exercise Price**" shall mean the amount for which one Share may be purchased or subscribed for upon exercise of this option, as specified in the Notice of Stock Option Grant.

(l) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(m) "**Immediate Family**" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(n) **"Misconduct"** shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Company (or any Parent or Subsidiary), or any other intentional misconduct by Optionee adversely affecting the business or affairs of the Company (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Company (or any Parent or Subsidiary) to discharge or dismiss Optionee or any other person in the Service of the Company (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Misconduct.

(o) "**Notice of Stock Option Grant**" shall mean the document so entitled to which this Agreement is attached.

(p) "**NSO**" shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(q) "**Optionee**" shall mean the person named in the Notice of Stock Option Grant.

(r) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(s) "**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.

(t) "**Plan**" shall mean the Guidewire Software, Inc. 2006 Stock Plan, as in effect on the Date of Grant.

(u) "**Purchase Price**" shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(v) "**Right of First Refusal**" shall mean the Company's right of first refusal described in Section 7.

(w) "**Securities Act**" shall mean the U.S. Securities Act of 1933, as amended.

(x) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(y) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 8 of the Plan (if applicable).

(z) "**Stock**" shall mean the Common Stock of the Company.

(aa) "**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.

(bb) "**Transferee**" shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(cc) "**Transfer Notice**" shall mean the notice of a proposed transfer of Shares described in Section 7.

APPENDIX TO
GUIDEWIRE SOFTWARE, INC. 2006 STOCK PLAN:
STOCK OPTION AGREEMENT
(INTERNATIONAL)

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.

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 December 2009. 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, or if he or she transfers employment to a different country after the grant of this option, the information 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 of Stock Option Grant and/or the Agreement.

AUSTRALIA

TERMS AND CONDITIONS

Exercisability. The following provision supplements Section 2(a) of the Agreement:

The Optionee may not exercise this option as to any vested portion unless and until the Fair Market Value of the Shares subject to this option on the date of exercise equals or exceeds the Exercise Price per Share set forth in the Notice of Stock Option Grant.

NOTIFICATIONS

Securities Law Notification. If the Optionee exercises this option and subsequently offers the Shares acquired at exercise for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. The Optionee should obtain independent legal advice regarding any applicable disclosure obligations prior to making any such offer.

BRAZIL

There are no country-specific provisions.

CANADA

TERMS AND CONDITIONS

Termination of Service. The following provision supplements Section 13(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 employed by the Company or the Employer, regardless of any notice period or period of pay in lieu of such notice required under applicable law. The Board of Directors shall have the exclusive discretion to determine when the Optionee's active Service is terminated for purposes of this option.

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.

Data Privacy Notice and Consent. The following provision supplements Section 12(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.

GERMANY

There are no country-specific provisions.

HONG KONG

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.

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

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.

JAPAN

There are no country-specific provisions.

NEW ZEALAND

There are no country-specific provisions.

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(b). 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 13(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.

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 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, a Parent or a Subsidiary.

Section 431 Election. As a condition of participation in the Plan and the exercise of this option, the Optionee agrees that, jointly with the Employer, he or she shall enter into the joint election within Section 431 of the U.K. Income Tax (Earnings and Pensions) Act 2003 ("ITEPA 2003") in respect of computing any tax charge on the acquisition of "Restricted Securities" (as defined in Sections 423 and 424 of ITEPA 2003), and that the Optionee will not revoke such election at any time. This election will be to treat the Shares acquired pursuant to the exercise of this option as if such Shares were not Restricted Securities (for U.K. tax purposes only). The Optionee must

enter into the form of election, which will be provided by the Company, concurrent with the execution of the Notice of Stock Option Grant.

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, the Employer, a Parent or a Subsidiary does not withhold from Optionee the full amount of Tax-Related Items (including the Employer NICs) within ninety (90) days of the event giving rise to the Tax-Related Items (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, a Parent or a Subsidiary may recover it at any time thereafter by any of the means referred to in Section 4(c)(ii) 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 Securities Exchange Act of 1934, as amended, the terms of paragraph (iv) of Section 4(c) will not apply. In the event that the Optionee is an executive officer or director and Tax-Related Items are not collected by the Due Date, the amount of any uncollected Tax-Related Items may constitute a benefit to the Optionee on which additional income tax and National Insurance contributions (including Employer NICs) may be payable. 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.

2009 STOCK PLAN

(PROVIDING FOR OPTIONS TO BE GRANTED TO CERTAIN EMPLOYEES OF THE COMPANY OR A COMPANY SUBSIDIARY WHO PERFORM SERVICES IN FRANCE)

APPROVED BY THE BOARD OF DIRECTORS ON: JULY 28, 2009

APPROVED BY THE STOCKHOLDERS ON: JULY 28, 2009

GUIDEWIRE SOFTWARE, INC. 2009 STOCK PLAN

SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of the Plan, as proposed by the Board of Directors and decided by the Company's stockholders, is to offer selected persons an opportunity to acquire or subscribe to a proprietary interest in the success of the Company, or to increase such interest, by purchasing or subscribing for Shares of the Company's Stock. The Plan provides for the grant of Options to purchase or subscribing for Shares.

Capitalized terms are defined in Section 11.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan may be administered by one or more Committees. Each Committee shall consist of one or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) Authority of the Board of Directors. Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Optionees and all persons deriving their rights from an Optionee.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees shall be eligible for the grant of Options.

(b) Ten-Percent Stockholders. An Employee who owns more than 10% of the total number of outstanding of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries shall not be eligible for designation as an Optionee. For purposes of this Subsection (b), the ownership attribution rules, if any, promulgated under French tax law shall apply in determining stock ownership.

SECTION 4. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. The maximum aggregate number of Shares that may be issued or subscribed for under the Plan is 100,000, subject to adjustment as provided in Subsection (b) below and Section 7(a)) below. The number of Shares that are subject to Options or other rights outstanding at any time under the Plan shall not exceed the number of Shares

specified in the preceding sentence. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan shall be authorized but as-yet-unissued (original issuance) Shares.

(b) Additional Shares. In the event that an outstanding Option for any reason expires or is canceled prior to its Exercise in full, then the Shares subject to the Unexercised portion of the expired or cancelled Option will again be available for issuance under this Plan.

SECTION 5. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option 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 Board of Directors, in the exercise its powers specified hereunder, deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 7.

(c) Exercise Price. Each Stock Option 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. Subject to the preceding sentence, the Exercise Price shall be determined by the Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 6.

(d) Vesting; Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to Vest and/or become Exercisable. The Board of Directors shall determine the Vesting and Exercisability provisions of the Stock Option Agreement in its sole discretion; provided however that it is anticipated that Options shall not first become Exercisable as to Vested Shares until on or after the fourth anniversary of the grant date of the Option. No Option shall be Exercisable unless the Optionee (i) has delivered an executed copy of the Stock Option Agreement to the Company otherwise agrees to be bound by the terms of the Stock Option Agreement, and (ii) has delivered or made arrangements satisfactory to the Company for delivery of the Exercise Price and any applicable withholding taxes owed in connection with such exercise. Notwithstanding the above, all of an Optionee’s Options shall become Exercisable in full if Section 7(b)(iv) applies.

(e) Basic Term. The Stock Option Agreement shall specify the term of the Option, meaning that the Option shall expire in full and no longer be Exercisable at the conclusion of the specified term. Such term shall not exceed 10 years from the date of grant. Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire. The Option may terminate earlier in certain circumstances including under Subsection (f) and Section 7(b) below.

(f) Termination of Service. 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 Vested Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had Vested and become Exercisable before the Optionee's Service terminated (or became Vested and Exercisable as a result of the termination). Unvested Options shall lapse immediately upon termination of the Optionee's Service.

(g) Death of Optionee. In the event that the Optionee's Service terminates as a result of his or her death, or 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, bequest or inheritance, but only within six (6) months from the Optionee's death and only to the extent that such Options had Vested and become Exercisable before the Optionee's Service terminated (or became Vested and Exercisable as a result of the termination).

(h) Leaves of Absence. For purposes of Subsection (f) above, Service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

(i) Restrictions on Shares. Any Shares issued upon Exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

(k) Transferability of Options. An Option shall not be transferable by the Optionee.

(l) Withholding Taxes. As a condition to grant and Exercise of an Option, the Optionee shall make such arrangements as the Board of Directors may require for the satisfaction of any US federal, state, local or foreign withholding tax obligations that may arise

in connection with such grant and/or Exercise. The Optionee shall also make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(m) 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 person becomes entitled to receive such Shares by filing a notice of Exercise and paying the Exercise Price pursuant to the terms of such Option.

(n) 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.

SECTION 6. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased or subscribed for, except as otherwise provided in this Section 6.

(b) Services Rendered. At the discretion of the Board of Directors, Shares may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary prior to the award.

(c) Surrender of Stock. At the discretion of the Board of Directors, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. 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.

(d) Exercise/Sale. To the extent that a Stock Option Agreement so provides, and if Stock is publicly traded, 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.

(e) Other Forms of Payment. To the extent that a Stock Option 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 (USA) General Corporation Law, as amended or by French law.

SECTION 7. ADJUSTMENT OF SHARES.

(a) General. In the event of a 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, or any other increase or decrease in the number of issued shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the number of Shares available for future grants under Section 4, (ii) the number of Shares covered by each outstanding Option and (iii) the Exercise Price under each outstanding Option. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors at its sole discretion may make appropriate adjustments in one or more of (i) the number of Shares available for future grants under Section 4, (ii) the number of Shares covered by each outstanding Option or (iii) the Exercise Price under each outstanding Option.

(b) Mergers and Consolidations. In the event that the Company is a party to a merger or consolidation, all outstanding Options shall be subject to the agreement of merger or consolidation. Such agreement shall provide for one or more of the following:

(i) The continuation of such outstanding Options by the Company (if the Company is the surviving corporation).

(ii) The assumption of such outstanding Options by the surviving corporation or its parent in a manner that complies with Section 424(a) of the Code.

(iii) The substitution by the surviving corporation or its parent of new options for such outstanding Options in a manner that complies with Section 424(a) of the Code.

(iv) Full Exercisability of such outstanding Options and full Vesting of the Shares subject to such Options, followed by the cancellation of such Options. The full Exercisability of such Options and full Vesting of the Shares subject to such Options may be contingent on the closing of such merger or consolidation. The Optionees shall be able to Exercise such Options during a period of not less than five full business days preceding the closing date of such merger or consolidation, unless (A) a shorter period is required to permit a timely closing of such merger or consolidation and (B) such shorter period still offers the Optionees a reasonable opportunity to Exercise such Options. Any Exercise of such Options during such period may be contingent on the closing of such merger or consolidation.

(v) The cancellation of such outstanding Options and a payment to the Optionees equal to the excess of (A) the Fair Market Value of the Shares subject to such Options (whether or not such Options are then Exercisable or such Shares are then Vested) as of the closing date of such merger or

consolidation over (B) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Options would have become Exercisable or such Shares would have Vested. Such payment may be subject to Vesting based on the Optionee's continuing Service, provided that the Vesting schedule shall not be less favorable to the Optionee than the schedule under which such Options would have become Exercisable or such Shares would have Vested. If the Exercise Price of the Shares subject to such Options exceeds the Fair Market Value of such Shares, then such Options may be cancelled without making a payment to the Optionees. For purposes of this Paragraph (v), the Fair Market Value of any security shall be determined without regard to any Vesting conditions that may apply to such security.

(c) Reservation of Rights. Except as provided in this Section 7 and to Law, an Optionee 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 of Shares subject to an Option. The grant of an Option 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 8. LEGAL REQUIREMENTS.

(a) General. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of Law, including (without limitation) Articles L 225-177 to L 225-186 of the French Commercial Code, and, provided they comply with the above Articles of the French Commercial Code, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall have no liability for failure to deliver Shares in the event it cannot in the opinion of its legal counsel do so in conformity with the requirements of this Subsection 8(a).

(b) Financial Reports. To the extent required by Law, the Company each year shall furnish to Optionees, and stockholders who have received Stock under the Plan any its balance sheet and income statement, unless such Optionees, or stockholders are key Employees whose duties with the Company assure them access to equivalent information. Such balance sheet and income statement need not be audited.

SECTION 9. NO RETENTION RIGHTS.

Nothing in the Plan or in the grant of any Option under the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, 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. Nothing in the Plan or in the grant of any Option under the Plan shall create or integrate into any employment contract between the Optionee and the Company.

SECTION 10. ADOPTION, DURATION AND AMENDMENTS.

(a) Stockholder Approval of the Plan. Stockholder approval of the Plan shall be obtained in the manner required by Law.

(b) Term of the Plan. The Plan, as set forth herein including as subject to Subsection 10(a) above, shall become effective on the date of its adoption by the Board of Directors and shall terminate automatically (meaning, that no more Options may thereafter be granted hereunder) at the end of the thirty-eighth (38th) month following the date on which the Company's stockholders approve the Plan. The Plan may be terminated on any earlier date pursuant to Subsection 10(c) below. Options that remain outstanding following termination of the Plan under this Subsection (b) shall continue to be governed under the terms and conditions of the Plan until such Options expire by their terms.

(c) 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; provided, however, that any amendment of the Plan shall be subject to the approval of the Company's stockholders if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 7) or (ii) materially changes the class of persons who are eligible for the grant of Options. Stockholder approval shall not be required for any other amendment of the Plan.

(d) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon Exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

SECTION 11. DEFINITIONS.

(a) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time.

(b) **"Change in Control"** shall mean a change in ownership or control of the Company effected through any of the following transactions:

i. a stockholder-approved merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or

ii. a stockholder-approved sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company, or

iii. the acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company), of beneficial ownership (within the meaning of Rule 13-d3 of the 1934 Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders.

In no event shall any public offering of the Company's securities be deemed to constitute a Change in Control.

(c) "**Code**" shall mean the US Internal Revenue Code of 1986, as amended.

(d) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2(a).

(e) "**Company**" shall mean Guidewire Software, Inc., a Delaware corporation.

(f) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(g) "**Employee**" shall mean any individual who is a common-law employee of Guidewire Software France SAS, a French company having its registered office 43 rue Taitbout 75009 PARIS France and which is a Subsidiary of the Company, provided such individual is not an officer ("dirigeant social") of this Subsidiary, unless he (she) is also an Employee of the Company.

(h) "**Exercise**" (including derived terms such as Unexercised, Exercisable and Exercisability) shall refer to the purchase or subscription of Shares subject to an Option on the terms and conditions set forth in the applicable Stock Option Agreement.

(i) "**Exercise Price**" shall mean the amount for which one Share may be purchased or subscribed for upon Exercise of an Option, as specified by the Board of Directors in the applicable Stock Option Agreement.

(j) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in accordance with applicable law, in particular articles L225-177, 4th parag. and L225-179 2nd parag. of the French Commercial Code. Such determination shall be conclusive and binding on all persons.

(k) **"Law"** shall mean the provisions of French law enforceable in matter of stock options ("options de souscription ou d'achat d'actions") and the provisions of US law applicable to stock options which provisions are not contradictory to the mandatory provisions of French law for same matter to benefit from the legal status of stock options ("options de souscription ou d'achat d'actions") under this law.

(l) "**Option**" shall mean a right granted under the Plan to purchase or subscribe Shares.

(m) "**Optionee**" shall mean a person who holds an Option.

(n) "**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.

(o) "**Plan**" shall mean this Guidewire Software, Inc. 2009 Stock Plan.

(p) "**Service**" shall mean service as an Employee.

(q) "**Share"** shall mean one share of Stock, as adjusted in accordance with Section 7 (if applicable).

(r) "**Stock**" shall mean the Common Stock of the Company.

(s) "**Stock Option Agreement**" shall mean the written agreement between the Company and an Optionee giving the Optionee the right to purchase or subscribe for Shares on the terms and conditions, and subject to the restrictions, set forth therein, and shall include all documents attached to and/or referred to in such written agreement including without limitation a notice of option grant and exercise notice/agreement.

(t) "**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.

(u) "**Vesting**" (including derived terms such as Vested, Vesting and Unvested) shall refer to the process by which an Optionee earns the right to Exercise an Option through the satisfaction of conditions, including without limitation time-based Service conditions, set forth in the applicable Stock Option Agreement.

GUIDEWIRE SOFTWARE, INC. 2009 STOCK PLAN

NOTICE OF STOCK OPTION GRANT

The Optionee has been granted the following option to purchase shares of the Common Stock of Guidewire Software, Inc.:

Name of Optionee:	«Name»
Total Number of Shares:	«Total_Shares»
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Vesting Commencement Date:	«VestComDate»
Vesting Schedule:	The Optionee shall Vest in the option Shares with respect to the first 25% of the Shares subject to this option when the Optionee completes 12 months of continuous Service after the Vesting Commencement Date set forth above, and shall Vest as to an additional 1/48th of the Shares subject to this option when the Optionee completes each month of continuous Service thereafter (so that assuming continuous Service throughout such period, the Optionee shall be fully Vested in the option Shares on the fourth anniversary of the Vesting Commencement Date).
Date Exercisable:	This option may be Exercised as to Vested Shares prior to its Expiration Date set forth below only following the fourth anniversary of the Date of Grant set forth above; provided however that it may become Exercisable as to Vested Shares as of an earlier date if one of the events set forth below under "Expiration Date" occurs prior to such fourth anniversary. In no event may the Optionee Exercise this option as to any Shares that are Unvested as of the date of Exercise.
Expiration Date:	This option shall expire in full to the extent any portion of it remains Unexercised on «ExpDate»; provided that the Expiration Date for this option may occur earlier than such date if (a) the Optionee's Service terminates earlier, as provided in Section 6 of the Stock Option Agreement, or (b) in the event of certain transactions contemplated by Section 7 of the Plan.

By signing below, the Optionee and the Company agree that this option is granted under, and governed by the terms and conditions of, the 2009 Stock Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. **Section 10 of the Stock Option Agreement includes important restrictions on the option and the Shares subject to the option and Section 13 includes important acknowledgements of the Optionee, each which are accepted and confirmed by the Optionee's signature below**.

OPTIONEE:

_____

GUIDEWIRE SOFTWARE, INC.

By: _____

Title: _____

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

GUIDEWIRE SOFTWARE, INC. 2009 STOCK PLAN:
STOCK OPTION AGREEMENT

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase or subscribe for at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant.

(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 this Agreement by this reference. Capitalized terms are defined in Section 14 of this Agreement.

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 Date at the time or time, and under the conditions, set forth in the Notice of Stock Option Grant.

(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 pursuant to Section 12(c). The notice shall specify the election to Exercise this option, the number of Vested 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 Purchase Price. In the event of a partial Exercise of this option, Shares shall be deemed to have been purchased in the order in which they Vest in accordance with the Notice of Stock Option Grant.

(b) **Issuance of Shares**. After receiving a proper notice of Exercise, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been Exercised. Such Shares shall be registered in the name of the Optionee. In the case of other Shares, the Company shall cause such certificates to be delivered to or upon the order of the person Exercising this option.

(c) **Withholding Taxes**. In the event that the Company determines that it is required to withhold any tax as a result of the Exercise of this option, the Optionee, as a condition to the Exercise of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements. The Optionee shall also make arrangements satisfactory to the Company to enable it to satisfy any withholding requirements that may arise in connection with the Vesting or disposition of Shares purchased or subscribed for by Exercising this option.

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 may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. 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 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. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) 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 of Stock Option Grant, which date is 10 years after the Date of Grant.

(b) **Termination of Service (Except by Death)**. If the Optionee's Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

(i) The Expiration Date determined pursuant to Subsection (a) above;

(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.

(c) Subject to the conditions set forth in the Notice of Grant (including the general restriction on Exercisability prior to the fourth anniversary of the Date of Grant), 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 is Exercisable for Shares that Vested on or before the date when the Optionee's Service terminates. When the Optionee's Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet Vested.

(d) **Death of the Optionee**. If the Optionee dies while in Service, or 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, bequest or inheritance, but only within six (6) months from the Optionee's death and only to the extent that this option was Exercisable for Shares that Vested on or before the date when the Optionee's Service terminated.

(e) **Part-Time Employment and Leaves of Absence**. If the Optionee commences working on a part-time basis, then the Company may adjust the Vesting schedule set forth in the Notice of Stock Option Grant 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 the Company may adjust the Vesting schedule set forth in the Notice of Stock Option Grant 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. RIGHT OF FIRST REFUSAL.

(a) **Right of First Refusal**. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, State or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) **Transfer of Shares**. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, State and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 7 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 7.

(d) **Termination of Right of First Refusal**. Any other provision of this Section 7 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers**. This Section 7 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder**. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 7, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal**. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. LEGALITY OF INITIAL ISSUANCE.

In addition to certain restrictions set forth in Section 10 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 French 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 federal, State or foreign law has been satisfied.

SECTION 9. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act, applicable non-mandatory French securities laws or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 10. RESTRICTIONS ON OPTION AND OPTION SHARES.

(a) **Securities Law Restrictions**. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act, applicable French securities laws 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, applicable French securities laws, the securities laws of any State or other relevant jurisdiction, or any other law. The Company will refuse to transfer the Shares upon Exercise thereof, or upon subsequent transfer, if the Exercise or other transfer is not in compliance with applicable securities laws, including Regulation S of the Act, pursuant to registration under the Act or pursuant to an available exemption from registration. The Company may require the Optionee or a transferee of the Shares issued on Exercise of the option to deliver an opinion of counsel confirming that the issuance or transfer of the Shares are exempt from registration under the Act.

(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 or the laws of any other jurisdiction, 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.

(c) **Investment Intent at Grant**. The Optionee represents and agrees that the Shares to be acquired upon Exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof. The Optionee represents and agrees that he or she is not at the time of grant of this option a U.S. Person and is not acquiring the option on behalf, or for the account or benefit, of a U.S. Person. The Optionee further represents that this option was not granted to me while he or she was in the United States.

(d) **Investment Intent at Exercise**. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of Exercise that the Shares being acquired upon Exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel, including that as of the date of Exercise the Optionee is not a U.S. Person; is not acquiring the Shares on behalf, or for the account or benefit, of a U.S. Person; and is not Exercising the option in the United States.

(e) **Legends**. All certificates evidencing Shares purchased or subscribed for under this Agreement shall bear the following legend:

"THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

All certificates evidencing Shares purchased or subscribed for under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD ONLY PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE ACT. THESE SHARES MAY NOT BE SOLD, REOFFERED, PLEDGED,

ASSIGNED, ENCUMBERED, OR OTHERWISE TRANSFERRED OR DISPOSED OF WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED. IN THE ABSENCE OF REGISTRATION OR THE AVAILABILITY (CONFIRMED BY OPINION OF COUNSEL) OF AN ALTERNATIVE EXEMPTION FROM REGISTRATION UNDER THE ACT, THESE SHARES MAY NOT BE SOLD, REOFFERED, PLEDGED, ASSIGNED, ENCUMBERED, OR OTHERWISE TRANSFERRED OR DISPOSED OF EXCEPT IN ACCORDANCE WITH REGULATION S (RULES 901 THROUGH 905 AND PRELIMINARY NOTES) OF THE ACT. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT.

(f) **Removal of Legends**. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 10 shall be conclusive and binding on the Optionee and all other persons.

SECTION 11. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 7(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 7(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 7(b) of the Plan.

SECTION 12. 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 the Optionee or the Optionee’s representative becomes entitled to receive such Shares by filing a notice of Exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) **No Retention Rights**. Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, 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.

(c) **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 France, 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).

(d) **Entire Agreement**. The Notice of Stock Option Grant, 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.

(e) **Choice of Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

SECTION 13. ACKNOWLEDGEMENTS OF THE OPTIONEE.

(a) **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 tax liabilities. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from this option or the Optionee's other compensation. Since Shares are not traded on an established securities market as of the Date of Grant of this option, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the Internal Revenue Service or the French tax authorities will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service or the French tax authorities assert that the valuation was too low.

The Optionee is solely responsible for taking all appropriate legal advice, notably concerning US and French tax regulations, when signing this Agreement, and when thereafter Exercising the option, or sale the Shares acquired under this Agreement or more generally when taking 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.

(b) **Electronic Delivery of Documents**. The Optionee agrees that the Company may deliver by email all 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 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.

SECTION 14. DEFINITIONS.

(a) The "**Act**" shall mean the U.S. Securities Act of 1933, as amended.

(b) "**Agreement**" shall mean this Stock Option Agreement.

(c) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(d) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(e) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(f) "**Company**" shall mean Guidewire Software, Inc., a Delaware corporation.

(g) "**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.

(h) "**Date of Grant**" shall mean the date of grant specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee's Service.

(i) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(j) "**Employee**" shall mean any individual who is a common-law employee of Guidewire Software France SAS, a French company having its registered office 43 rue Taitbout 75009 PARIS France and which is a Subsidiary of the Company, provided such individual is not an officer ("dirigeant social") of this Subsidiary, unless he (she) is also a common-law employee of the Company.

(k) "**Exercise**" (including derived terms such as Unexercised, Exercisable and Exercisability) shall refer to the purchase of or subscription for Shares subject to the option on the terms and conditions set forth in this Stock Option Agreement.

(l) "**Exercise Price**" shall mean the amount for which one Share may be purchased or subscribed for upon Exercise of this option, as specified in the Notice of Stock Option Grant.

(m) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in accordance with applicable law, in particular articles L225-177, 4th parag. and L225-179 2nd parag. of the French Commercial Code. Such determination shall be conclusive and binding on all persons.

(n) "**Immediate Family**" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(o) **"Misconduct"** shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Company (or any Parent or Subsidiary), or any other intentional misconduct by Optionee adversely affecting the business or affairs of the Company (or any Parent or Subsidiary) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Company (or any Parent or Subsidiary) to discharge or dismiss Optionee or any other person in the Service of the Company (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Misconduct.

(p) "**Notice of Stock Option Grant**" shall mean the document so entitled to which this Agreement is attached.

(q) "**Optionee**" shall mean the person named in the Notice of Stock Option Grant.

(r) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(s) "**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.

(t) "**Plan**" shall mean the Guidewire Software, Inc. 2009 Stock Plan, as in effect on the Date of Grant.

(u) "**Purchase Price**" shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being Exercised.

(v) "**Right of First Refusal**" shall mean the Company's right of first refusal described in Section 7.

(w) "**Securities Act**" shall mean the Securities Act of 1933, as amended.

(x) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(y) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 7 of the Plan (if applicable).

(z) "**Stock**" shall mean the Common Stock of the Company.

(aa) "**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.

(bb) "**Transferee**" shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(cc) "**Transfer Notice**" shall mean the notice of a proposed transfer of Shares described in Section 7.

(dd) "**U.S. Person**" shall have the meaning set forth in Rule 902(k) of Regulation S of the Act (or any successor rule or provision), which generally defines a U.S. Person as any natural person resident in the United States, any estate of which any executor or administrator is a U.S. Person, or any trust of which any trustee is a U.S. Person.

(ee) "**Vesting**" (including derived terms such as Vested, Vesting and Unvested) shall refer to the process by which the Optionee earns the right to Exercise the option through the satisfaction of the time-based Service conditions set forth in the Notice of Stock Option Grant.

Exhibit 10.4

GUIDEWIRE SOFTWARE, INC.

2010 RESTRICTED STOCK UNIT PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Guidewire Software, Inc. 2010 Restricted Stock Unit Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, directors and Consultants of Guidewire Software, Inc., a Delaware corporation (including any successor entity, the "Company") and any Subsidiary, upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business, to acquire a proprietary interest in the Company.

The following terms shall be defined as set forth below:

"*Affiliate*" of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first mentioned Person. A Person shall be deemed to control another Person if such first Person possesses directly or indirectly the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, by contract or otherwise.

"*Award*" or "*Awards*," means a grant of Restricted Stock Units under the Plan.

"Award Agreement" means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement may contain terms and conditions in addition to those set forth in the Plan; *provided, however,* that except to the extent explicitly provided to the contrary, in the event of any conflict in the terms of the Plan and the Award Agreement, the terms of the Plan shall govern.

"*Bankruptcy*" shall mean (i) the filing of a voluntary petition under any bankruptcy or insolvency law, or a petition for the appointment of a receiver or the making of an assignment for the benefit of creditors, with respect to the Holder, (ii) the Holder being subjected involuntarily to such a petition or assignment or to an attachment or other legal or equitable interest with respect to the Holder' s assets, which involuntary petition or assignment or attachment is not discharged within 60 days after its date, or (iii) the Holder being subject to a transfer of its Issued Shares or Award(s) by operation of law (including by divorce, even if not insolvent), except by reason of death.

"*Board*" means the Board of Directors of the Company.

"*Cause*" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Cause," it shall mean (i) the commission of any act of fraud, embezzlement or dishonesty by the grantee, (ii) any unauthorized use or disclosure by the grantee of confidential information or trade secrets of the Company (or any Affiliate), or (iii) any other intentional misconduct by the grantee adversely affecting the

business or affairs of the Company (or any Affiliate) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Company (or any Affiliate) to discharge or dismiss the grantee or any other person providing services to the Company (or any Affiliate) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan, to constitute grounds for termination for Cause.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"*Committee*" means the Committee of the Board referred to in Section 2.

"Consultant" means any natural person that provides bona fide services to the Company (including a Subsidiary), and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

"*Effective Date*" means the date on which the Plan is adopted as set forth on the final page of the Plan.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Fair Market Value*" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Committee. If the Stock is admitted to trade on a national securities exchange, the determination shall be made by reference to the closing price. 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.

"Good Reason" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Good Reason," it shall mean (i) a material diminution in the grantee's base salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company or (ii) a change of more than 50 miles in the geographic location at which the grantee provides services to the Company.

"*Grant Date"* means the date that the Committee designates in its approval of an Award in accordance with applicable law as the date on which the Award is granted, which date may not precede the date of such Committee approval.

"Holder" means, with respect to an Award or any Issued Shares, the Person holding such Award or Issued Shares, including the initial recipient of the Award or any Permitted Transferee.

"*Initial Public Offering*" means the consummation of the first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale by the Company of its equity securities, as a result of or following which the Stock shall be publicly held.

"Issued Shares" means all outstanding Shares issued pursuant to Restricted Stock Units.

"*NASDAQ*" means the NASDAQ Stock Market LLC.

"*Permitted Transferees*" shall mean any of the following: the Holder's 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, any person sharing the Holder's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons control the management of assets, and any other entity in which these persons own more than fifty percent of the voting interests*; provided*, *however*, that any such trust does not require or permit distribution of any Issued Shares during the term of the Award Agreement unless subject to its terms. Upon the death of the Holder, the term Permitted Transferees shall also include such deceased Holder's executors.

"*Person*" shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

"Repurchase Event" means (i) a Sale Event or (ii) the Holder's Bankruptcy.

"Restricted Stock Unit" means an Award of phantom stock units to a grantee, which may be settled in cash or stock as determined by the Committee, pursuant to Section 5.

"*Sale Event"* means the consummation of (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation involving the Company in which the shares of voting stock of the Company outstanding immediately prior to such transaction represent or are converted into or exchanged for securities of the surviving or resulting entity immediately upon completion of such transaction which represent less than 50 percent of the outstanding voting power of such surviving or resulting entity, (iii) the acquisition of all or a majority of the outstanding voting stock of the Company in a single transaction or a series of related transactions by a Person or group of Persons, or (iv) any other acquisition of the business of the Company, as determined by the Board; *provided*, *however*, that the Company's Initial Public Offering, any subsequent public offering or another capital raising event, a merger effected solely to change the Company's domicile, or, as determined by the Board, any transaction in which holders of Stock do not receive cash or marketable securities in connection with such transaction, shall not constitute a "Sale Event."

"Section 409A" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Service Relationship" means any relationship as a full-time employee, part-time employee, director or Consultant of the Company or any Subsidiary or any successor entity (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual's status changes from full-time employee to part-time employee or Consultant).

"Shares" means shares of Stock.

"*Stock*" means the Common Stock of the Company.

"*Subsidiary*" means any corporation or other entity (other than the Company) in which the Company has more than a 50 percent interest, either directly or indirectly.

"Termination Event" means the termination of the Award recipient's Service Relationship with the Company and its Subsidiaries for any reason whatsoever, regardless of the circumstances thereof, and including, without limitation, upon death, disability, retirement, discharge or resignation for any reason, whether voluntarily or involuntarily. The following shall not constitute a Termination Event: (i) a transfer to the service of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another Subsidiary or (ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Committee, if the individual'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 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Board, or at the discretion of the Board, by a committee of the Board, comprised, except as contemplated by Section 2(c), of not less than two Directors. All references herein 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, as applicable).

(b) Powers of Committee. The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the amount, if any, of Restricted Stock Unit Awards granted to any one or more grantees;

(iii) to determine and, subject to Section 9, to 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 form of Award Agreements;

(iv) to accelerate at any time the vesting of all or any portion of any Award;

(v) to impose any limitations on Awards granted under the Plan, including limitations on transfers, repurchase provisions and the like, and to exercise repurchase rights or obligations; and

(vi) 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 and interpretations of the Committee shall be binding on all persons, including the Company and Plan grantees.

(c) Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award.

(d) Indemnification. Neither the Board 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 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 governing documents, including its certificate of incorporation 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.

(e) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and any Subsidiary operate or have employees or other individuals eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries, if any, shall be covered by the Plan; (ii) determine which individuals, if any, outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify procedures and other terms to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to the Plan as appendices); *provided*, *however*, that no such subplans and/or modifications shall increase the share limitation contained in Section 3(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 governmental regulatory exemptions or approvals.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS AND OTHER TRANSACTIONS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 3,500,000 shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the shares of Stock underlying any Awards that are forfeited, canceled, withheld upon settlement of an Award to cover tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated, in each case shall be added back to the shares of Stock available for issuance under the Plan. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock without the receipt of consideration by the Company, the 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 additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, or sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Committee shall make an appropriate and equitable or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, and (iii) the repurchase price, if any, per share subject to each outstanding Award. The adjustment by the Committee shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

(c) Sale Events.

(i) In the case of and subject to the consummation of a Sale Event, all Restricted Stock Units shall be subject to the agreement providing for such Sale Event. Such agreement shall provide for one or more of the following:

(A) The continuation of outstanding Awards by the Company (if the Company is the surviving corporation);

(B) The assumption of outstanding Awards by the surviving corporation or its parent, after making an equitable or proportionate adjustment in the number and kind of shares subject to such Awards;

(C) The substitution by the surviving corporation or its parent of new Restricted Stock Units for outstanding Awards after making an equitable or proportionate adjustment in the number and kind of shares subject to such Awards;

(D) Full acceleration of the vesting of, or deemed satisfaction of any other conditions applicable to, such Awards followed by the immediate settlement of such Awards. The full vesting or deemed satisfaction of any other conditions with respect to the Awards may be contingent on the closing of such Sale Event; and/or

(E) The cancellation of all Awards in exchange for a cash payment to the grantees holding such Awards (in exchange for such cancellation), in an amount equal to the Fair Market Value of the Stock (determined by reference to the Sale Event) times the number of shares of Stock subject to such Awards, to be paid at the time of such Sale Event or upon the later vesting of (or satisfaction of other conditions applicable to) such Awards.

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such officers and other employees, directors and Consultants of the Company and any Subsidiary who are selected from time to time by the Committee in its sole discretion, provided that such individuals are permitted to receive Awards pursuant to Rule 701(c) of the Securities Act.

SECTION 5. 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 employment (or other Service Relationship), 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 a Restricted Stock Unit 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. 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) Rights as a Stockholder. A grantee shall have the rights of a stockholder only as to shares of Stock, if any, acquired upon settlement of a Restricted Stock Unit. A grantee shall not be deemed to have acquired any such shares unless and until a Restricted Stock Unit shall have been settled in Stock pursuant to the terms hereof, the Company shall have issued and delivered a certificate representing the shares to the grantee, and the grantee's name shall have been entered in the books of the Company as a stockholder.

(c) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of Service Relationship) with the Company and any Subsidiary for any reason.

SECTION 6. TRANSFER RESTRICTIONS; COMPANY RIGHT OF FIRST REFUSAL; COMPANY REPURCHASE RIGHTS

(a) Restrictions on Transfer.

(i) Restricted Stock Units. Restricted Stock Units and any right to receive shares of Stock upon settlement of an Award are non-transferable and may not be subject to any pledge, hypothecation, or other transfer including any short position, any "put equivalent position" (as defined in the Exchange Act) or any "call equivalent position" (as defined in the Exchange Act) by the grantee prior to the settlement of the Restricted Stock Unit Award.

(ii) Issued Shares. No Issued Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless (i) such transfer is in compliance with the terms of the applicable Award Agreement, all applicable securities laws (including, without limitation, the Securities Act), and with the terms and conditions of this Section 6, (ii) such transfer does not cause the Company to become subject to the reporting requirements of the Exchange Act, and (iii) the transferee consents in writing to be bound by the provisions of the Plan, including this Section 6. In connection with any proposed transfer, the Committee may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor, satisfactory to the Committee, that such transfer is in compliance with all foreign, federal and state securities laws (including, without limitation, the Securities Act). Any attempted disposition of Issued Shares not in accordance with the terms and conditions of this Section 6 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Issued Shares as a result of any such disposition, shall otherwise refuse to recognize any such disposition and shall not in any way give effect to any such disposition of Issued Shares. Subject to the foregoing general provisions, and unless otherwise provided in the applicable Award Agreement, Issued Shares may be transferred pursuant to the following specific terms and conditions:

(A) Transfers to Permitted Transferees. The Holder may sell, assign, transfer or give away any or all of the Issued Shares to Permitted Transferees; *provided, however*, that following such sale, assignment, transfer or gift, such Issued Shares shall continue to be subject to the terms of this Plan (including this Section 6) and such Permitted Transferee(s) shall, as a condition to any such transfer, deliver a written acknowledgment to that effect to the Company. Notwithstanding the foregoing, the Holder may not sell, assign, transfer or give any or all of the Issued Shares to any Person whom the Company reasonably determines is a direct competitor or a potential competitor of the Company or any of its Subsidiaries.

(B) Transfers Upon Death. Upon the death of the Holder, any Issued Shares then held by the Holder at the time of such death and any Issued Shares acquired thereafter by the Holder's legal representative shall be subject to the provisions of this Plan, and the Holder's executors, shall be obligated to convey such Issued Shares to the Company or its assigns under the terms contemplated hereby.

(b) Right of First Refusal. In the event that a Holder desires at any time to sell or otherwise transfer all or any part of such Holder's Issued Shares, the Holder first shall give written notice to the Company of the Holder's intention to make such transfer. Such notice shall state the number of Issued Shares which the Holder proposes to sell (the "Offered Shares"), the price and the terms at which the proposed sale is to be made and the name and address of the proposed transferee. At any time within 30 days after the receipt of such notice by the Company, the Company or its assigns may elect to purchase all or any portion of the Offered Shares at the price and on the terms offered by the proposed transferee and specified in the notice. The Company or its assigns shall exercise this right by mailing or delivering written notice to the Holder within the foregoing 30-day period. If the Company or its assigns elect to exercise its purchase rights under this Section 6(b), the closing for such purchase shall, in any event, take place within 45 days after the receipt by the Company of the initial notice from the Holder. In the event that the Company or its assigns do not elect to exercise such purchase right, or in the event that the Company or its assigns do not pay the full purchase price within such 45-day period, the Holder may, within 60 days thereafter, sell the Offered Shares to the proposed transferee at the same price and on the same terms as specified in the Holder's notice. Any Shares purchased by such proposed transferee shall no longer be subject to the terms of the Plan. Any Shares not sold to the proposed transferee shall remain subject to the Plan. If the Holder is a party to any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to shares of the Stock, (i) the transferring Holder shall comply with the requirements of such stockholders agreements or other agreements relating to any proposed transfer of the Offered Shares, and (ii) any proposed transferee that purchases Offered Shares shall enter into such stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Offered Shares on the same terms and in the same capacity as the transferring Holder.

(c) Company's Right of Repurchase.

(i) Right of Repurchase With Respect to Shares issued pursuant to a Restricted Stock Unit Award. Unless otherwise set forth in the agreement entered into by the recipient and the Company in connection with a Restricted Stock Unit Award, the Company or its assigns shall have the right and option upon a Repurchase Event to repurchase from a Holder of Issued Shares received pursuant to a Restricted Stock Unit Award some or all (as determined by the Company) of such Issued Shares at the price per share specified below. Such repurchase right may be exercised by the Company within six months following the date of such Repurchase Event (the "Shares Repurchase Period"). The "Shares Repurchase Price" shall be the Fair Market Value of such Issued Shares as of the date the Company elects to exercise its repurchase rights in connection with a Repurchase Event.

(ii) Procedure. Any repurchase right of the Company shall be exercised by the Company or its assigns by giving the Holder written notice on or before the last day of the Shares of its intention to exercise such repurchase right. Upon such notification, the Holder shall promptly surrender to the Company, free and clear of any liens or encumbrances, any certificates representing the Shares being purchased, together with a duly executed stock power for the transfer of such Shares to the Company or the Company's assignee or assignees. Upon the Company's or its assignee's receipt of the certificates from the Holder, the Company or its assignee or assignees shall deliver to him, her or them a check for the Shares Repurchase Price, as applicable; *provided*, *however*, that the Company may pay the Shares Repurchase Price, as applicable, by offsetting and canceling any indebtedness then owed by the Holder to the Company.

(d) Escrow Arrangement.

(i) Escrow. In order to carry out the provisions of Sections 6(b) and (c) of this Plan more effectively, the Company shall hold any Issued Shares in escrow together with separate stock powers executed by the Holder in blank for transfer, and any Permitted Transferee shall, as an additional condition to any transfer of Issued Shares, execute a like stock power as to such Issued Shares. The Company shall not dispose of the Issued Shares except as otherwise provided in this Plan or the Award Agreement. In the event of any repurchase by the Company (or any of its assigns), the Company is hereby authorized by the Holder and any Permitted Transferee, as the Holder's and each such Permitted Transferee's attorney-in-fact, to date and complete the stock powers necessary for the transfer of the Issued Shares being purchased and to transfer such Issued Shares in accordance with the terms hereof. At such time as any Issued Shares are no longer subject to the Company's repurchase and first refusal rights, the Company shall, at the written request of the Holder, deliver to the Holder (or the relevant Permitted Transferee) a certificate representing such Issued Shares with the balance of the Issued Shares to be held in escrow pursuant to this Section 6(d).

(ii) Remedy. Without limitation of any other provision of this Agreement or other rights, in the event that a Holder, any Permitted Transferees or any other Person is required to sell a Holder's Issued Shares pursuant to the provisions of Sections 6(b) or (c) hereof and in the further event that he or she refuses or for any reason fails to deliver to the Company or its designated purchaser of such Issued Shares the certificate or certificates evidencing such Issued Shares together with a related stock power, the Company or such designated purchaser may deposit the applicable purchase price for such Issued Shares with a bank designated by the Company, or with the Company's independent public accounting firm, as agent or trustee, or in escrow, for such Holder, any Permitted Transferees or other Person, to be held by such bank or accounting firm for the benefit of and for delivery to him, her, them or it, and/or, in its discretion, pay such purchase price by offsetting any indebtedness then owed by such Holder as provided above. Upon any such deposit and/or offset by the Company or its designated purchaser of such amount and upon notice to the Person who was required to sell the Issued Shares to be sold pursuant to the provisions of Sections 6(b) or (c) such Issued Shares shall at such time be deemed to have been sold, assigned, transferred and conveyed to such purchaser, such Holder shall have no further rights thereto (other than the right to withdraw the payment thereof held in escrow, if applicable), and the Company shall record such transfer in its stock transfer book or in any appropriate manner.

(e) Lockup Provision. A Holder agrees, if requested by the Company and any underwriter engaged by the Company, not to sell or otherwise transfer or dispose of any Issued Shares (including, without limitation, pursuant to Rule 144 under the Securities Act) held by him or her for such period following the effective date of any registration statement of the Company filed under the Securities Act as the Company or such underwriter shall specify reasonably and in good faith. If requested by the underwriter engaged by the Company, each Holder shall execute a separate letter reflecting the agreement set forth in this Section 6(e).

(f) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of shares of the Company's Stock, the restrictions contained in this Section 6 shall apply with equal force to additional and/or substitute securities, if any, received by Holder in exchange for, or by virtue of his or her ownership of, Issued Shares.

(g) Termination. The terms and provisions of Section 6(b) and Section 6(c) shall terminate upon the closing of the Company's Initial Public Offering or upon consummation of any Sale Event, in either case as a result of which shares of the Company (or a successor entity) of the same class as the Issued Shares are registered under Section 12 of the Exchange Act and publicly-traded on NASDAQ or any national security exchange.

SECTION 7. 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 Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and any Subsidiary 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 stock certificates (or evidence of book entry) to any grantee is subject to and conditioned on any such tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Committee, the Company's minimum required tax withholding obligation may be satisfied, in whole or in part, by the Company withholding 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 8. SECTION 409A AWARDS.

To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the 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 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.

SECTION 9. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan 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, but no such action shall adversely affect rights under any outstanding Award without the consent of the holder of the Award. Plan amendments shall be subject to approval by the Company stockholders to the extent required by applicable law as determined by the Committee. Nothing in this Section 9 shall limit the Board's or Committee's authority to take any action permitted pursuant to Section 3(c).

SECTION 10. STATUS OF PLAN

With respect to the portion of any Award that has not been settled 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 so determine in connection with any Award.

SECTION 11. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. 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 of Stock without a view to distribution thereof. No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates issued to grantees under the 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; provided that stock certificates to be held in escrow pursuant to Section 6(d) of the Plan shall be deemed delivered when the Company shall have recorded the issuance in its records. 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).

(c) No Employment Rights. The adoption of the Plan and the grant of Awards do not confer upon any Person any right to continued employment or Service Relationship with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Awards under the Plan shall be subject to the Company's insider trading policy-related restrictions, terms and conditions as may be established by the Committee, or in accordance with policies set by the Committee, from time to time.

(e) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to 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.

(f) Financial Statements. The Company shall provide each grantee the information described in Rules 701(e)(3), (4) and (5) of the Securities Act every six months (with the financial statements being not more than 180 days old) in either paper or electronic form or pursuant to written notice of the availability of such information on an Internet site (which may be password protected), subject to a grantee's agreement to keep all such information confidential. The requirements of this Section shall no longer apply once the Company becomes subject to Section 13 or 15(d) of the Exchange Act.

(g) Legend. Any certificate(s) representing the Issued Shares shall carry substantially the following legend (and with respect to uncertificated Stock, the book entries evidencing such shares shall contain the following notation):

> The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including repurchase and restrictions against transfers) contained in the Guidewire Software, Inc. 2010 Restricted Stock Unit Plan and any agreement entered into thereunder by and between the company and the holder of this certificate (a copy of which is available at the offices of the company for examination).

SECTION 12. EFFECTIVE DATE OF PLAN

The Plan shall become effective upon adoption by the Board and shall be approved by stockholders in accordance with applicable state law and the Company's articles of incorporation and bylaws within 12 months thereafter. Subject to such approval by stockholders and to the requirement that no Stock may be issued hereunder prior to such approval, Awards may be granted hereunder on and after adoption of the Plan by the Board. No grants of Awards may be made hereunder after the tenth anniversary of the Effective Date.

SECTION 13. GOVERNING LAW

This Plan, all Awards and any controversy arising out of or relating to this Plan and all Awards shall be governed by and construed 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.

DATE ADOPTED BY THE BOARD OF DIRECTORS:	June 14, 2010
DATE APPROVED BY THE STOCKHOLDERS:	August 17, 2010
AMENDED TO INCREASE SHARES RESERVED AND AVAILABLE FOR ISSUANCE:	December 8, 2010
AMENDED TO INCREASE SHARES RESERVED AND AVAILABLE FOR ISSUANCE:	March 9, 2011

THE AWARD GRANTED PURSUANT TO THIS AWARD AGREEMENT AND THE SHARES ISSUABLE UPON THE SETTLEMENT THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE GUIDEWIRE SOFTWARE, INC.
2010 RESTRICTED STOCK UNIT PLAN

Name of Grantee: _____
No. of Restricted Stock Units Granted: _____
Grant Date: _____
Vesting Commencement Date: _____
Expiration Date: _____

Pursuant to the Guidewire Software, Inc. 2010 Restricted Stock Unit Plan as amended through the date hereof (the "Plan") and the terms and conditions set forth in this Award Agreement, Guidewire Software, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share (a "Share") of Common Stock (the "Stock") of the Company.

1. 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 Section 2 of this Award Agreement and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement. In addition, the Restricted Stock Units and any Shares issuable upon settlement of the Restricted Stock Units, shall be subject to the restrictions contained in Section 6 of the Plan.

2. Conditions and Vesting of Restricted Stock Units. The Restricted Stock Units are subject to both a time-based condition (the "Time Condition") and performance-based vesting (the "Performance Vesting") described in paragraphs (a) and (b) below, both of which must be satisfied before the Restricted Stock Units will be deemed vested and may be settled in accordance with Section 4.

(a) Time Condition. Subject to the Performance Vesting described in paragraph (b) below, 25 percent of the Restricted Stock Units shall satisfy the Time Condition on the first anniversary of the Vesting Commencement Date; provided that the Grantee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining 75 percent of the Restricted Stock Units shall satisfy the Time Condition in 36 equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Grantee continues to have a Service Relationship with the Company at such time.

(b) Performance Vesting. Subject to the Time Condition described in paragraph (a) above, the Restricted Stock Units shall only satisfy the Performance Vesting on the first to occur of (i) a Sale Event or (ii) 180 days after the Company's Initial Public Offering, in either case, prior to the Expiration Date.

(c) Vesting Date. Each date as of which both the Time Condition and Performance Vesting described in paragraphs (a) and (b) have been satisfied with respect to any Restricted Stock Units shall be referred to as a "Vesting Date."

3. Termination of Employment. If the Grantee's Service Relationship with the Company and/or its Subsidiaries terminates for any reason (including death or disability) prior to the satisfaction of the Time Condition set forth in Section 2(a) above, any Restricted Stock Units that have not satisfied the Time Condition 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. Any Restricted Stock Units that have satisfied the Time Condition as of such date, shall remain subject to the Performance Vesting set forth in Section 2(b).

4. Receipt of Shares of Stock. As soon as practicable following each Vesting Date (but in no event later than 3 business days after such 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 satisfied the Time Condition and Performance Vesting pursuant to Section 2 of 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.

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.

6. Tax Withholding. Regardless of any action that the Company or the Grantee's actual employer or a Subsidiary or Affiliate with which the Grantee has a Service Relationship if the Grantee is a Consultant (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 subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends; 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:

(i) payment by the Grantee to the Company and/or Employer; or

(ii) withholding from the Grantee's wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(iii) 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

(iv) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units.

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.

7. Section 409A. This Award is intended to constitute a "short term deferral" for purposes of Section 409A of the Code to the greatest extent possible, and otherwise is intended to comply with Section 409A of the Code, and the Award will be administered and interpreted in accordance with that intent. To the extent that any provision of this Award Agreement is ambiguous as to its exemption from, or compliance with, Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder are either exempt from, or comply with, Section 409A of the Code. If there is an Initial Public Offering that results in a Vesting Date with respect to all or any part of the Award which has already satisfied the Time

Condition, the Award shall be considered to have a fixed payment date of 180 days after such Initial Public Offering for purposes of 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 representation 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.

8. Disclosure. Subject to the Grantee's agreement to keep such information confidential, the Company agrees to provide the Grantee with the information described in Rules 701(e)(3), (4) and (5) of the Securities Act every six months, which information includes the risks associated with an investment in the Company's Stock and selected financial statements of the Company.

9. 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.

(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 are 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) 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.

(e) 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.

10. 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 services for the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service Relationship at any time;

(v) the Grantee's participation in the Plan is voluntary;

(vi) this Award and the Shares subject to this Award are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Grantee's employment or services agreement, 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 Subsidiary or Affiliate;

(ix) this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company, the Employer, or any Subsidiary or Affiliate;

(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 Relationship by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws); 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 Relationship (regardless of whether in breach of applicable labor laws), the Grantee's right to continue to satisfy the Time Condition, if any, will terminate effective as of the date of termination of the Grantee's active Service Relationship and will not be extended by any notice period mandated under applicable law; the Board of Directors shall have the exclusive discretion to determine when the Grantee's active Service Relationship is terminated for purposes of this Award;

(xiv) this Award and the benefits under the Plan, if any, will not transfer automatically to another company in the case of a Sale Event; and

(xv) the Grantee has received and read a copy of the Plan, including, without limitation the restrictions contained in Section 6 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) Restrictions. The Restricted Stock Units and any Shares issuable upon settlement of the Restricted Stock Units shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 6 of the Plan.

(d) 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 or the Grantee's other compensation.

(e) 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.

(f) Investment Intent at Grant. The Grantee represents and agrees that the Shares to be acquired upon settlement of this Award will be acquired for investment, and not with a view to the sale or distribution thereof.

(g) Investment Intent at Settlement. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Grantee shall represent and agree at the time of settlement of this Award resulting in the transfer of Shares that the Shares being acquired are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

GUIDEWIRE SOFTWARE, INC.

By: _____
Name: Karen Blasing
Title: Chief Financial Officer

By signing below, the Grantee agrees that this Award is granted under, and governed by the terms and conditions of, the 2010 Restricted Stock Unit Plan. **Section 10 of this Award Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee's signature below**.

_____
Grantee's Signature

_____
Grantee's Name

Exhibit 10.6

GUIDEWIRE SOFTWARE, INC.
OFFER LETTER

November 5, 2003

Dear Jeremy:

We are pleased to offer you the position of Product Manager at a starting salary of $95,000 per year. If you accept this offer we expect that you will begin working on November 24, 2003. You will be a member of Guidewire's marketing team, reporting to Dan Gordon, Director of Product Management.

As a regular employee of Guidewire Software, Inc. ("Guidewire") you will be eligible to participate in a number of Company-sponsored benefits, which are described in our employee manual. These include medical and dental insurance and a 401(k) plan.

Subject to approval by the Board of Directors, you will be granted an option to purchase 30,000 shares of the Company's common stock under the Company's 2002 Stock Option/Stock Issuance Plan. The per-share exercise price of the option will be equal to the per-share fair market value of the common stock on the date of grant, as determined by the Board of Directors. Your receipt of this option will be subject to you executing the Company's standard stock option agreement. So long as you continue in service with the Company, the option will vest and become exercisable with respect to 25% of the option shares on the one-year anniversary of the date of grant and, with respect to the balance, in 36 equal successive monthly installments upon your completion of each additional month of service thereafter.

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. 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; and (2) your

ability to provide the Company with the legally-required proof of your identity and authorization to work in the United States.

This letter sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. A duplicate original of this offer is enclosed for your records. To accept this offer, please sign and return this letter and the executed Proprietary Information and Inventions Assignment Agreement to me. This offer, if not accepted, will expire on November 5th, 2003.

We look forward to having you join our Guidewire team.

If you have any questions, please call me at (650) 357-9100 × l12.

Sincerely,

/s/ Dan Gordon
Dan Gordon
Director of Product Management

I have read and accept this employment offer.

Date: 11/5/2003

/s/ Jeremy Henrickson
[Employee's Signature] Jeremy Henrickson

Exhibit 10.7

Guidewire Software, Inc.
OFFER LETTER

15 November 2002

Dear Alex:

We are pleased to offer you the position of Industry Consultant at a starting salary of $125,000 per year and initially reporting to John Raguin, CEO. If you accept this offer we expect that you will begin work on November 18, 2002.

Also, you will have a bonus where on-target bonus earnings will be $75,000 for the 2003 calendar year (including the balance of 2002). The amount of the bonus payment will be contingent on individual performance in four (4) segments. The segmented goals are based as below:

- Accounts – Four (4) signed accounts of>$500,000 in bookings. Bookings are projected payments to Guidewire for a 3 year period after signing of the account. This does not include our current customer, Fireman's Fund. This accounts for 30% of the bonus.
- Bookings – Total bookings of $4,000,000. Bookings are projected payments to Guidewire for a 3 year period after signing of the account. This does not include our current customer, Fireman's Fund. This accounts for 20% of the bonus.
- Defined sales cycles – Six (6) prospects in defined sales cycles. A defined sales cycle is where we have received an REP from the prospect. This accounts for 25% of the bonus.
- Referenceable customers – Three (3) referenceable customers. A referenceable customer is one that is willing to take a call or make a positive marketing statement to another prospective customer. This accounts for 25% of the bonus.

The bonus payment can be larger than $75,000 if the goals are exceeded. Those payments will be proportional to the area of bonus. For example, if there are five (5) new signed accounts at the end of 2003 and $6,000,000 in bookings, then the bonus for these 2 segments would be 30% * $75,000 * 5 accounts / 4 target + 20% * $75,000 * $6,000,000 / $4,000,000 = $50,625. Note that this bonus plan will be revised at the end of each calendar year for the new year. This bonus plan may also be revised at any time.

As a regular employee of Guidewire Software, Inc. ("Guidewire") you will be eligible to participate in a number of Company-sponsored benefits, which are described in our employee manual. These include medical and dental insurance and a 401(k) plan.

Subject to approval by the Board of Directors, you will be granted an option to purchase 75,000 shares of the Company's common stock under the Company's 2002 Stock Option/Stock Issuance Plan. The per-share exercise price of the option will be equal to the per-share fair market value of the common stock on the date of grant, as determined by the Board of Directors. Your receipt of this option will be subject to you executing the Company's standard stock option agreement. So long as you continue in service with the Company, the option will vest and become exercisable with respect to 25% of the option shares on the one-year anniversary of the date of grant and, with respect to the balance, in 36 equal successive monthly installments upon your completion of each additional month of service thereafter.

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. 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; and (2) your ability to provide the Company with the legally-required proof of your identity and authorization to work in the United States.

This letter sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. A duplicate original of this offer is enclosed for your records. To accept this offer, please sign and return this letter and the executed Proprietary Information and Inventions Assignment Agreement to me. This offer, if not accepted, will expire on November 18, 2002.

We look forward to having you join our Guidewire team.

If you have any questions, please call John Raguin at 650 357 9100 × 117.

Sincerely,

/s/ John Raguin

John Raguin
CEO

I have read and accept this employment offer.

Date: 11/8/2002

/s/ Alexander C. Naddaff

[Employee's Signature]

Exhibit 10.8

SUBLEASE

BETWEEN

ORACLE USA, INC.

AND

GUIDEWIRE SOFTWARE, INC.

2211 Bridgepointe Parkway,
San Mateo, California
("Bridgepointe Building 2")

Portions of Second (2nd), Third (3rd) and Fourth (4th) Floors

SUBLEASE

THIS SUBLEASE ("Sublease") is entered into as of July 2, 2007, by and between ORACLE USA, INC., a Colorado corporation ("Sublandlord") and GUIDEWIRE SOFTWARE, INC., a Delaware corporation ("Subtenant"), with reference to the following facts:

A. Pursuant to that certain Lease dated as of March 11, 1999 (the "Original Master Lease"), as the same has been amended by that certain First Amendment to Lease dated as of June 11, 1999 (the "First Amendment"), by that certain Second Amendment to Lease dated as of July 31, 2000 (the "Second Amendment") and by that certain Third Amendment to Lease dated as of August 11, 2006 (the "Third Amendment") (the Original Master Lease, as amended by the First Amendment, the Second Amendment and the Third Amendment, being referred to herein as the "Master Lease"), Sobrato Interests III ("Landlord"), as Landlord, leases to Sublandlord (successor in interest to Siebel Systems, Inc.), as tenant, certain space (the "Master Lease Premises") consisting of the entire 141,496 rentable square foot building (the "Building" or "Building 2") located at 2211 Bridgepointe Parkway in the City of San Mateo ("City"), State of California. The Building, together with (i) the 141,496 rentable square foot building located at 2215 Bridgepointe Parkway ("Building 1") and (ii) the 167,505 rentable square foot building located at 2207 Bridgepointe Parkway ("Building 3") comprise the "Project," as more particularly defined in the Master Lease. Pursuant to separate leases, Sublandlord has leased all of Building 1 and all of Building 3; the Master Lease and Sublandlord's leases for Building 1 and 2 all are scheduled to expire coterminously, on September 17, 2012. A complete copy of the Master Lease is attached hereto as **Exhibit G.**

B. Subtenant wishes to sublease from Sublandlord, and Sublandlord wishes to sublease to Subtenant, a portion of the Master Lease Premises containing approximately 88,152 rentable square feet as follows: (i) approximately 26,717 rentable square feet located on the second (2nd) floor of the Building, as more particularly described in **Exhibit A-1** attached hereto and incorporated herein by reference (the "Second Floor Space"), (ii) approximately 30,718 rentable square feet located on the third (3rd) floor of the Building as more particularly described in **Exhibit A-2** attached hereto and incorporated herein by reference (the "Third Floor Space") and (iii) approximately 30,718 rentable square feet located on the fourth (4th) floor of the Building, as more particularly described in **Exhibit A-3** attached hereto and incorporated herein by reference (the "Fourth Floor Space") (the Second Floor Space, the Third Floor Space and the Fourth Floor Space being referred to herein collectively as the "Subleased Premises").

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated by reference into this Sublease, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, Sublandlord and Subtenant hereby agree as follows:

1. Sublease. Sublandlord hereby subleases to Subtenant and Subtenant hereby subleases from Sublandlord for the term, at the rental, and upon all of the conditions set forth herein, the Subleased Premises.

2. Term.

(a) Generally. The term of this Sublease ("Term") shall commence on the date (the "Commencement Date") that is the later to occur of (x) September 1, 2007, (y) the date that Sublandlord delivers possession of the Subleased Premises to Subtenant and (z) the date upon which Sublandlord procures Landlord's consent to this Sublease (the "Consent", and the date upon which Sublandlord procures the Consent being the "Effective Date"); provided, that if Subtenant occupies any portion of the Subleased Premises for the purpose of conducting Tenant's business operations therein prior to the Commencement Date as described above, the date upon which Subtenant so occupies the Subleased Premises will be deemed the Commencement Date. The Term will end on July 31, 2012 (the "Expiration Date"), unless sooner terminated pursuant to any provision hereof. Upon the determination of the Commencement Date, Sublandlord and Subtenant will enter into a letter agreement in the form of **Exhibit B** attached hereto.

(b) Early Access. Subtenant and Subtenant's representatives shall have the right to enter the Subleased Premises during the period, if any, commencing on the Effective Date and ending on the day immediately preceding the Commencement Date (the date upon which Subtenant first has such access to the Subleased Premises being referred to herein as the "Early Access Date") for the sole purposes of construction of Subtenant Alterations (defined in Section 15.2 below), installation of Subtenant's personal property and the testing of equipment, furniture, fixtures and voice and data cabling, all subject to the terms, conditions and requirements of this Sublease. All of the rights and obligations of the parties under this Sublease (other than Subtenant's obligation to pay Base Rent, but expressly including without limitation Subtenant's obligation to pay excess utility charges, Subtenant's obligation to carry insurance, Subtenant's indemnification obligations, and/or Subtenant's liability for damages, costs and expenses incurred by Sublandlord by reason of any default by Subtenant or failure on Subtenant's part to comply with the terms of this Sublease) shall commence upon the Early Access Date, and Subtenant shall be deemed to occupy the Subleased Premises from and after the Early Access Date. Subtenant shall be liable for any damages to the Subleased Premises caused by Subtenant's activities at the Subleased Premises from and after the Early Access Date and, prior to entering the Subleased Premises, Subtenant shall obtain all insurance it is required to obtain hereunder and shall provide certificates of such insurance to Sublandlord. Subtenant shall coordinate such entry with Sublandlord, and such entry shall be made in compliance with all terms and conditions of this Sublease, the Master Lease and the rules and regulations attached to the Master Lease.

3. Rent.

3.1 Rent Payments. From and after the Commencement Date Subtenant shall pay to Sublandlord as base rent for the Subleased Premises during the Term ("Base Rent") the following:

Period	Assumed Rentable Area of Subleased Premises	Monthly Base Rent Rate Per Rentable Square Foot	Monthly Base Rent
Months 1 - 6	40,000	$ 0.00	$ 0.00
Months 7- 12	40,000	$ 1.75	$ 70,000.00
Months 13-24	60,000	$ 1.80	$108,000.00
Months 25 - 36	88,152	$ 1.86	$163,962.72
Months 37 - 48	88,152	$ 1.91	$168,370.32
Months 49 - Expiration Date	88,152	$ 1.97	$173,659.44

As set forth in the table above, "Months 1-6" will be deemed to mean the initial one hundred eighty (180) days of the Term, and the period described as "Months 7-12" will mean the period commencing with the one hundred eighty first (181st) day of the Term and expiring as of the date of expiration of the calendar month in which the date immediately preceding the first (1st) anniversary of the Commencement Date occurs (if such period includes a partial calendar month, Base Rent will be payable for such partial calendar month at the rate of $2,333.33 per day). All subsequent "months" will be calendar months. As noted in the table set forth above, during the initial twenty-four (24) months of the Term, Base Rent will be payable as if Tenant occupied less than all of the Subleased Premises; however, during such period Subtenant will be entitled to occupy all of the Subleased Premises. Base Rent shall be paid on the first day of each month of the Term, except that Subtenant shall pay the first month's Base Rent (in the amount of $70,000.00) to Sublandlord upon execution and delivery of this Sublease to Sublandlord; said pre-paid Base Rent will be applied towards Base Rent payable as of the seventh (7th) month of the Term. If the Term does not end on the last day of a calendar month, the Base Rent and Additional Rent (hereinafter defined) for any partial month shall be prorated by multiplying the monthly Base Rent and Additional Rent by a fraction, the numerator of which is the number of days of the partial month included in the Term and the denominator of which is the total number of days in the full calendar month. **All Rent (hereinafter defined) shall be payable in lawful money of the United States, by regular bank check of Subtenant, to Sublandlord at the following address:**

1001 Sunset Boulevard
Rocklin, CA 95765
Attn: Lease Administration

or to such other persons or at such other places as Sublandlord may designate in writing.

3.2 Operating Costs. Except as expressly set forth herein, it is intended that this Sublease be a "net" sublease, such that all Base Rent payable by Subtenant to Sublandlord hereunder will be "net" of all costs to Sublandlord of operating and maintaining the Subleased Premises, the Building and the Project. Accordingly, Subtenant will be responsible for the payment of Subtenant's Percentage Share (defined below) of both those costs of operation and maintenance of the Building and Project which are payable by Sublandlord to Landlord under the Master Lease, as well as those costs of operation and maintenance of the Subleased Premises, Building and Project which are Sublandlord's direct responsibility under the Master Lease. The definitions and procedures set forth in this Section 3.2 will govern Subtenant's payment to Sublandlord of such costs.

(a) Definitions. The following terms shall have the meanings set forth below:

(1) "Additional Rent" shall mean the sums payable pursuant to Section 3.2(b) below.

(2) "Operating Costs" shall mean the aggregate of (i) Landlord Operating Costs and (ii) Sublandlord Operating Costs, each defined below.

(A) "Landlord Operating Costs" shall mean (i) Reimbursable Operating Costs (as such term is defined in the Master Lease) attributable to the Building, as described in Section 8.E of the Original Master Lease; (ii) Reimbursable Operating Costs attributable to the Project, as described in Section 8.E of the Original Master Lease, (iii) taxes payable by Sublandlord pursuant to Section 10 of the Original Master Lease, as well as (iv) costs payable by Sublandlord pursuant to Section 21. W of the Original Master Lease.

(B) "Sublandlord Operating Costs" shall mean (i) costs incurred by Sublandlord in complying with Sublandlord's obligations as set forth in Section 8.B of the Original Master Lease, (ii) costs of utilities paid by Sublandlord pursuant to Section 11 of the Original Master Lease, and (iii) all other costs of Sublandlord incurred in the operation, maintenance, repair and replacement of any portion of the Building and/or Project (including, without limitation, any property management fee paid by Sublandlord to any entity performing management services at the Property and the fair market rental value of any property management office serving the Project, as well as the cost of providing the Project Amenities (described in Section 3.3 below)). Notwithstanding the foregoing to the contrary, Sublandlord Operating Costs will not include the following:

(i) the cost of capital improvements constructed by Sublandlord, except that Sublandlord Operating Costs will include the amortized cost of capital improvements constructed by Sublandlord (x) in order to comply with laws, rules or regulations first enacted or enforced against the Building or Project after the Commencement Date, or (y) to cause a reduction in one or more components in Sublandlord Operating Costs if Sublandlord in good faith believes the amortized cost of such improvements will approximate or be less than the cost savings over the useful life of the item in question or (z) to replace items which Sublandlord is obligated to maintain under the Master Lease or this Sublease. As used in this Section 3.2(a)(2)(B)(i), "amortization" shall mean allocation of the cost (together with reasonable financing charges) of the item being amortized equally to each year of the useful life of such item, as reasonably determined by Sublandlord. Notwithstanding the foregoing, however, Sublandlord may treat as an expense (chargeable in the year incurred), and not as a capital cost, any item costing less than Twenty Five Thousand and No/100 Dollars ($25,000.00);

(ii) any costs or expenses for which Sublandlord is reimbursed by insurance or condemnation proceeds or by a third party (other than by subtenants as part of Operating Costs);

(iii) costs in connection with subleasing space in the Building or Project, including brokerage commissions and legal expenses;

(iv) lease concessions, including rental abatements and construction allowances, granted to specific subtenants;

(v) any penalties or damages that Sublandlord pays to Subtenant under this Sublease or to other occupants in the Project under their respective subleases;

(vi) costs incurred in connection with disputes between Sublandlord and its employees or between Sublandlord and other subtenants or Project occupants;

(vii) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-á-vis time spent on matters unrelated to operating and managing the Project;

(viii) any amounts paid by Sublandlord to its parent organization or to a subsidiary or affiliate of Sublandlord for supplies and/or services rendered in connection with the Project to the extent the same materially exceed the costs of such supplies and/or services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(ix) any amount paid by Sublandlord for items and services for which Subtenant or any other occupant in the Project directly reimburses Sublandlord pursuant to their respective subleases (i.e., other than by payment of Operating Costs);

(x) acquisition costs (not including those incurred in ordinary maintenance and repair) for sculpture, paintings or other objects of art;

(xi) costs arising from the clean-up or remediation of any Hazardous Materials, except to the extent necessitated by Subtenant or anyone claiming by or through Subtenant or by the employees, agents or contractors of any of them;

(xii) penalties, interest and fines incurred as a result of Sublandlord’s failure to make payments and/or to file any tax or informational returns when due; and

(xiii) any personal property taxes of Sublandlord for equipment or items not used in the operation or maintenance of the Building or Project, nor connected therewith.

(C) If, for thirty (30) or more days during any calendar year, less than ninety-five percent (95%) of the rentable area of the Building is occupied by subtenants, then the Sublandlord Operating Costs for such calendar year shall be deemed to be an amount equal to the Sublandlord Operating Costs which would normally be expected to have been incurred had the Building been at least ninety-five percent (95%) occupied throughout such year, as reasonably determined by Sublandlord (i.e., taking into account that certain expenses depend on occupancy (e.g., janitorial) and certain expenses do not (e.g., landscaping)). Furthermore, if Sublandlord shall not furnish any item or items of service the cost of which is included in Sublandlord Operating Costs to any portions of the Building because such portions are not occupied or because such item is not required by the occupant of such portion of the Building or such occupant is providing such service independently, then, for the purposes of computing Sublandlord Operating Costs, an equitable adjustment shall be made so that the cost of the item in question shall be shared only by occupants actually receiving the benefits thereof.

(3) "Rent" shall mean, collectively, Base Rent, Additional Rent, and all other sums payable by Subtenant to Sublandlord under this Sublease, whether or not expressly designated as "rent", all of which are deemed and designated as rent pursuant to the terms of this Sublease. Base Rent and Additional Rent are payable hereunder in advance without setoff, deduction, notice or demand. Unless expressly set forth to the contrary in this Sublease, all other amounts payable by Subtenant hereunder are payable within ten (10) business days following Sublandlord's delivery of an invoice therefor to Subtenant.

(4) "Subtenant's Percentage Share" shall mean, as applicable given the context, Subtenant's Building Percentage Share and/or Subtenant's Project Percentage Share, as follows:

(A) "Subtenant's Building Percentage Share" shall mean 62.30%, which is derived by dividing the rentable area of the Subleased Premises by the rentable area of the Building and multiplying the quotient by 100. Subtenant's Building Percentage Share will be applicable to Landlord Operating Costs attributable to the Building and Sublandlord Operating Costs attributable to the Building.

(B) "Subtenant's Project Percentage Share" shall mean 19.57%, which is derived by dividing the rentable area of the Subleased Premises by the rentable area of the Project and multiplying the quotient by 100. Subtenant's Project Percentage Share will be applicable to Landlord Operating Costs attributable to the Project and Sublandlord Operating Costs attributable to the Project.

(b) Payment of Operating Costs. In addition to the Base Rent payable hereunder, from and after the Commencement Date, for each full or partial calendar year of the Term, Subtenant, as Additional Rent, shall pay the applicable Subtenant's Percentage Share of Operating Costs for the then current calendar year. For the calendar year 2007, Sublandlord's initial estimate is that Operating Costs will equal $.93 per rentable square foot per month.

(c) Procedure. The determination and adjustment of Additional Rent payable hereunder shall be made in accordance with the following procedures:

(1) Landlord Operating Costs. Sublandlord shall give Subtenant written notice of its estimate of the amount of Subtenant's Percentage Share of Landlord Operating Costs payable for each calendar year; such estimate may be aggregated with Sublandlord's estimate of Sublandlord Operating Costs payable for such year. Subtenant may amend such estimate in good faith from time to time during any calendar year. On or before the first day of each calendar month during each full or partial calendar year throughout the Term, Subtenant shall pay to Sublandlord as Additional Rent one-twelfth (1/12th) of such estimated amount. If for any reason Sublandlord has not provided Subtenant with an estimate of the amount of Subtenant's Percentage Share of Landlord Operating Costs on or before the first day of January of any calendar year during the Term, then (a) until the first day of the calendar month following the month in which Sublandlord delivers such estimate, Subtenant shall continue to pay to Sublandlord on the first day of each calendar month the sum payable by Subtenant under this Section 3.2(c)(1) for the month of December of the preceding year, and (b) together with such estimate, Sublandlord shall give notice to Subtenant stating whether the installments of Landlord Operating Costs payments previously made for such year were greater or less than the installments of Landlord Operating Costs payments to be made for such year, and (i) if there shall be a deficiency, Subtenant shall pay the amount thereof to Sublandlord within ten (10) business days after the delivery of Sublandlord's estimate, or (ii) if there shall have been an overpayment, Sublandlord shall apply such overpayment as a credit against the next accruing monthly installment(s) of Subtenant's Percentage Share of Landlord Operating Costs due from Subtenant until fully credited to Subtenant or, at Sublandlord's discretion, Sublandlord may pay the amount thereof to Subtenant by check, and (c) on the first (1st) day of the calendar month following the month in which Sublandlord's estimate is given to Subtenant and on the first day of each calendar month throughout the remainder of such calendar year, Subtenant shall pay to Sublandlord an amount equal to one-twelfth (1/12th) of the new Landlord Operating Costs payment, as described above. Subtenant's estimated payments of Subtenant's Percentage Share of Landlord Operating Costs shall be reconciled from time to time with the actual amounts thereof due as and when Sublandlord is notified by Landlord of the actual amounts of Landlord Operating Costs; and Sublandlord will deliver to Subtenant a copy of any such notice(s) from Landlord upon which such reconciliation may be based.

(2) Sublandlord Operating Costs.

(A) Sublandlord's Estimate. On or about the Commencement Date, and on the first day of January of each subsequent full or partial calendar year during the Term, or as soon thereafter as is practicable, Sublandlord shall furnish Subtenant with a statement setting forth in reasonable detail Sublandlord's estimate of Sublandlord Operating Costs for the calendar year in which the Commencement Date occurs or the forthcoming calendar year, as applicable; such estimate may be aggregated with Sublandlord's estimate of Sublandlord Operating Costs payable for such year. On or before the first day of each calendar month during such year, Subtenant shall pay to Sublandlord as Additional Rent (i) one-twelfth (1/12th) of Subtenant's Building Percentage Share of the estimated Sublandlord Operating Costs and (ii) one twelfth (1/12) of Subtenant's Project Percentage Share of the estimated Sublandlord Operating Costs (as such estimate may be modified from time to time by Sublandlord). If for any reason Sublandlord has not provided Subtenant with an estimate of Sublandlord Operating Costs on or before the first day of January of any calendar year during the Term, then (a) until the first day of the calendar month following the month in which Subtenant

is given Sublandlord's estimate, Subtenant shall continue to pay to Sublandlord on the first day of each calendar month the sum payable by Subtenant under this Section 3.2(c)(2) for the month of December of the preceding year, and (b) promptly after Sublandlord's estimate is furnished to Subtenant, Sublandlord shall give notice to Subtenant stating whether the installments of Sublandlord Operating Costs payments previously made for such year were greater or less than the installments of Sublandlord Operating Costs payments to be made for such year, and (i) if there shall be a deficiency, Subtenant shall pay the amount thereof to Sublandlord within ten (10) business days after the delivery of Sublandlord's estimate, or (ii) if there shall have been an overpayment, Sublandlord shall apply such overpayment as a credit against the next accruing monthly installment(s) of Subtenant's Percentage Share of Sublandlord Operating Costs due from Subtenant until fully credited to Subtenant or, at Sublandlord's discretion, Sublandlord may pay the amount thereof to Subtenant by check, and (c) on the first (1st) day of the calendar month following the month in which Sublandlord's estimate is given to Subtenant and on the first day of each calendar month throughout the remainder of such calendar year, Subtenant shall pay to Sublandlord an amount equal to one-twelfth (l/12th) of the new Sublandlord Operating Costs payment, as described above.

(B) Reconciliation of Sublandlord Operating Costs. On or about the first day of March of each calendar year, or as soon thereafter as is reasonably practicable, Sublandlord will furnish Subtenant with a statement of the actual Sublandlord Operating Costs for the preceding year, reconciling the actual amounts paid pursuant to Sublandlord's estimate and the actual amounts payable hereunder. Within twenty (20) business days after Sublandlord's delivery of such statement, Subtenant shall make a lump sum payment to Sublandlord in the amount, if any, by which Subtenant's Percentage Share of Sublandlord Operating Costs for such preceding year, as shown on such statement, exceeds the aggregate of the monthly installments of Subtenant's Percentage Share of Sublandlord Operating Costs paid during such preceding year. If Subtenant's Percentage Share of Sublandlord Operating Costs, as shown on such statement, is less than the aggregate of the monthly installments of Subtenant's Percentage Share of Sublandlord Operating Costs actually paid by Subtenant during such preceding year, then Sublandlord shall apply such amount to the next accruing monthly installment(s) of Subtenant's Percentage Share of Sublandlord Operating Costs due from Subtenant until fully credited to Subtenant. Sublandlord's failure to deliver or delay in delivering a statement of actual Sublandlord Operating Costs with respect to any calendar year shall in no event be construed as Sublandlord's waiver of the right to so deliver such statement or collect Subtenant's Percentage Share of Sublandlord Operating Costs as described herein, nor shall it be construed as a waiver of Subtenant's obligation to pay such amounts.

(C) Subtenant's Audit Right. Provided that Subtenant is not in default hereunder and has paid all amounts due hereunder (including all Additional Rent), Subtenant may, one hundred twenty (120) days after receiving Sublandlord's annual statement of Sublandlord Operating Costs and costs for the services described in Section 6 below ("Service Costs"), give Sublandlord written notice ("Review Notice") that Subtenant intends to cause an independent, nationally recognized certified public accountant who charges for its services on an hourly basis and is not compensated on a so-called "contingency" basis (a "Third Party Auditor") to inspect, during normal business hours, Sublandlord's accounting records with respect to Sublandlord Operating Costs and Service Costs for the calendar year covered by such statement (the "Subtenant Review"); provided, however, that, as a condition precedent to any such

inspection, Subtenant shall deliver to Sublandlord a copy of Subtenant's written agreement with such Third Party Auditor, which agreement shall include provisions which state that (i) such Third Party Auditor will not in any manner solicit or agree to represent any other occupant of the Project with respect to an audit or other review of Sublandlord's accounting records at the Project, (ii) Subtenant and such Third Party Auditor shall maintain in strict confidence any and all information obtained in connection with the Subtenant Review and shall not disclose such information to any person or entity other than to the legal representatives and management personnel of Subtenant or as required by law, and (iii) Sublandlord is an intended third-party beneficiary of such agreement. Within a reasonable time (not to exceed sixty (60) days) after receipt of the Review Notice, Sublandlord shall make pertinent records available for inspection that are reasonably necessary for Subtenant to conduct its review. If any such records are maintained at a location other than the office of the Project, Subtenant may either inspect the records at such other location or pay for the reasonable cost of copying and shipping the records. Subtenant shall be solely responsible for all costs, expenses and fees incurred for the Subtenant Review. Within sixty (60) days after the records are made available to Subtenant, Subtenant shall have the right to give Sublandlord written notice (an "Objection Notice") stating in reasonable detail any objection to Sublandlord's statement of Sublandlord Operating Costs or Service Costs for the applicable year. If Subtenant fails to give Sublandlord an Objection Notice within such sixty (60) day period or fails to provide Sublandlord with a Review Notice within the one hundred twenty (120) day period described above, Subtenant shall be deemed to have approved Sublandlord's statement of Sublandlord Operating Costs or Service Costs and shall be barred from raising any claims regarding Sublandlord Operating Costs or Service Costs for that calendar year. If Subtenant provides Sublandlord with a timely Objection Notice, Sublandlord and Subtenant shall work together in good faith to resolve any issues raised in Subtenant's Objection Notice. If Sublandlord and Subtenant determine that Subtenant's Percentage Share of Sublandlord Operating Costs or Service Costs for the calendar year was overstated by Sublandlord, Sublandlord shall provide Subtenant with a credit against Subtenant's Percentage Share of Sublandlord Operating Costs or Service Costs next coming due in the amount of the overpayment by Subtenant. If Sublandlord and Subtenant determine that Subtenant's Percentage Share of Sublandlord Operating Costs or Service Costs for the calendar year was understated by Sublandlord, Subtenant shall pay Sublandlord the amount of any underpayment within thirty (30) days thereafter. The parties' sole remedy for an error in the determination of Subtenant's Percentage Share of Sublandlord Operating Costs or Service Costs for any full or partial calendar year shall be for the parties to make appropriate payments or credits, as the case may be, to each other as set forth above. Subtenant shall be responsible for all costs and expenses associated with Subtenant's Review, and Subtenant shall be responsible for all audit fees, attorneys' fees and other costs of Subtenant relating to the resolution of any dispute pursuant to this Section (collectively, the "Costs"), provided that if the parties' final resolution of the dispute concludes that Sublandlord overstated Sublandlord Operating Costs or Service Costs for such year by an amount in excess of five percent (5%) of actual Sublandlord Operating Costs or Service Costs, then Sublandlord shall be responsible for the Costs.

(d) Survival. The expiration or earlier termination of this Sublease shall not affect the rights and obligations of Sublandlord and Subtenant pursuant to this Section 3.2, and such obligations shall survive any expiration or earlier termination of this Sublease.

3.3 Project Amenities Costs. Sublandlord will provide certain Project amenities (the "Project Amenities") to occupants of the Project, including a fitness center (located in the Building), conference room (anticipated to be located in Building 2), cafeteria (located in Building 1) and, at Sublandlord's discretion, a day care center. Once occupancy in the Project equals 100,000 rentable square feet or more, Sublandlord will commence operations of the proposed fitness center, conference room and limited cafeteria operations (limited operations means that pre-cooked or pre-prepared food and beverages will be available for sale, but full kitchen cooking operations will not yet commence); at such point as occupancy levels meet or exceed 250,000 rentable square feet, full cafeteria operations will commence. Subtenant will pay its pro-rata share of the cost of providing the Project Amenities ("Project Amenities Costs") as part of Sublandlord Operating Costs; provided that for the purpose of such payment, such pro-rata share will be determined by dividing the rentable area of the Subleased Premises into the rentable area of the Project, net of the rentable area of the Project Amenities, with the pro-rata allocation to be determined by dividing the rentable area of the Subleased Premises by the rentable area of the Project, net of the rentable area of the Project Amenities, with the pro-rata allocation to be determined by dividing the rentable area of the Subleased Premises by the rentable area of the Project, net of the rentable area of the Project Amenities. Notwithstanding the foregoing, each employee of any Project occupant who desires to use the fitness center, will be required to pay a monthly fee (initially, $25.00 per month, but such fee may be adjusted from time to time by Sublandlord to account for increases in costs of operation of the fitness center) for the right to use the fitness center. Sublandlord will offset all such fees collected against the portion of Project Amenities Costs attributable to the fitness center and which would otherwise be included in Sublandlord Operating Costs.

4. Letter of Credit:

4.1 Initial Letter of Credit. Concurrently with execution hereof, Subtenant has delivered to Sublandlord an unconditional, irrevocable, transferable standby letter of credit (the "Initial Letter of Credit") in a similar form (as reasonably acceptable to Sublandlord) to that form attached hereto as **Exhibit D** in the amount of $1,350,000.00 and issued by a financial institution acceptable to Landlord (which must have a credit rating of "AA" or better from both Moody's and Standard & Poor's), as security for the full and faithful performance of Subtenant's obligations under this Sublease. Sublandlord may draw upon the Initial Letter of Credit or any Replacement Letter of Credit (as that term is defined below) on or after the occurrence of either: (i) an uncured event of default under this Sublease; (ii) any failure by Subtenant to deliver to Sublandlord a Replacement Letter of Credit as and when required pursuant to this Section 4; (iii) an uncured failure by Subtenant to perform one or more of its obligations under this Sublease and the existence of circumstances in which Sublandlord is enjoined or otherwise prevented by operation of law from giving to Subtenant a written notice which would be necessary for such failure of performance to constitute an event of default, or (iv) the appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment of Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization or other debtor relief proceedings, whether now existing or hereafter amended or enacted; provided that in the event of (i) or (iii), Sublandlord may, at Sublandlord's sole option, draw upon a portion of the face amount of the Initial Letter of Credit or any Replacement Letter of Credit, as applicable, as required to compensate Sublandlord for damages incurred (with subsequent demands at Sublandlord's sole election as Sublandlord incurs further damage).

4.2 Delivery of Replacement Letter of Credit. Subtenant shall deliver to Sublandlord a new letter of credit (a "Replacement Letter of Credit") (the Initial Letter of Credit and any Replacement Letter of Credit being generally referred to herein as a "Letter of Credit") at least thirty (30) days prior to the expiry date of the Initial Letter of Credit or of any Replacement Letter of Credit held by Sublandlord. Each Replacement Letter of Credit delivered by Subtenant to Sublandlord shall: (i) be issued by a banking institution acceptable to Sublandlord in its reasonable judgment; (ii) be in the same form as the letter of credit attached to this Sublease as **Exhibit D;** (iii) bear an expiry date not earlier than one (1) year from the date when such Replacement Letter of Credit is delivered to Sublandlord; and (iv) be in an amount not less than the amount specified in Section 4(a). Upon the delivery to Sublandlord of a Replacement Letter of Credit as described in this Section 4(b), Sublandlord shall return the Initial Letter of Credit or any previous Replacement Letter of Credit then held by Sublandlord to the issuing bank. In any event, Subtenant will be obligated to maintain either the Initial Letter of Credit or a Replacement Letter of Credit until the date that is the later to occur of (x) the date that is thirty (30) days following the Expiration Date and (y) the date upon which Subtenant vacates the Subleased Premises and completes any restoration obligations of Subtenant hereunder.

4.3 Draw Upon Letter of Credit. All proceeds of a draw upon any Letter of Credit shall be, at Sublandlord's sole election, either: (i) applied by Sublandlord to damages incurred by Sublandlord as a result of the event giving rise to the draw, or (ii) held by Sublandlord as a security deposit, and, at the sole election of Sublandlord, applied on one or more occasions to compensate Sublandlord for any foreseeable or unforeseeable loss or damage caused by the act or omission of Subtenant or Subtenant's officers, agents, employees, independent contractors, or invitees (including, without limitation, to remedy defaults in the payment of rent, to repair damage caused by Subtenant or to clean the Subleased Premises). No trust relationship will be created herein between Sublandlord and Subtenant with respect to any such security deposit, Subtenant hereby waives any and all rights under and the benefits of Section 1950.7 of the California Civil Code, and all other provisions of law now in force or that become in force after the date of execution of this Sublease, to the extent that such laws provide that Sublandlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Subtenant, or to clean the Subleased Premises. Sublandlord and Subtenant agree that Sublandlord may, in addition, claim those sums reasonably necessary to compensate Sublandlord for any other foreseeable or unforeseeable loss or damage caused by the act or omission of Subtenant or Subtenant's officers, agents, employees, independent contractors, or invitees.

4.4 Sublandlord's Transfer. If Sublandlord conveys or transfers its interest in the Subleased Premises and, as a part of such conveyance or transfer, Sublandlord assigns its interest in this Sublease: (i) the Initial Letter of Credit or any Replacement Letter of Credit shall be transferred to Sublandlord's successor; (ii) Sublandlord shall be released and discharged from any further liability to Subtenant with respect to such Initial Letter of Credit and any Replacement Letter of Credit; (iii) Subtenant will be responsible for the payment of any transfer fee or charge imposed by the issuing bank and (iv) any Replacement Letter of Credit thereafter delivered by Subtenant shall state the name of the successor to Sublandlord as the beneficiary of such Replacement Letter of Credit and shall contain such modifications in the text of the Replacement Letter of Credit as are required to appropriately reflect the transfer of Sublandlord's interest in the Subleased Premises.

4.5 Reduction.

(a) Periodic Reductions. If, as of each applicable Reduction Date (defined below), the Reduction Conditions (defined below) apply, then upon written request by Subtenant, the face amount of the then-current Letter of Credit may be reduced by an amount equal to: (i) One Hundred Fifty Thousand Dollars ($150,000.00) as of the first (1st) Reduction Date, and (ii) Three Hundred Thousand Dollars ($300,000.00) as of each of the second (2nd) and third (3rd) Reduction Dates, and (iii) One Hundred Fifty Thousand Dollars ($150,000.00) as of the fourth (4th) Reduction Date. Such reductions may be accomplished by either (x) Subtenant submitting a Replacement Letter of Credit in the reduced face amount, at which point Sublandlord will return to Subtenant the then-existing Letter of Credit or (y) an amendment to the then-existing Letter of Credit. Notwithstanding the foregoing, if, following any reduction pursuant to the provisions of this Section 4.5, Subtenant is in default under this Sublease (beyond the giving of applicable notice and the passage of applicable grace periods), Sublandlord, in addition to any other remedy available to Sublandlord for such default, shall have the right to require that Subtenant reinstate the Letter of Credit to the initial face amount described in Section 4.1, in which event Subtenant shall so cause a Replacement Letter of Credit in the initial face amount to be delivered to Sublandlord within ten (10) days following notice of such election delivered by Sublandlord. Subtenant's failure to so cause a Replacement Letter of Credit in such reinstated face amount to be timely delivered to Sublandlord shall constitute a material default under this Sublease without the necessity of additional notice or the passage of additional grace periods. As used herein, the "Reduction Dates" shall mean each of the first (1st) four (4) anniversaries of the Commencement Date, and the "Reduction Conditions" shall mean that, as of each such Reduction Date, all of the following apply: (x) Subtenant is not in default hereunder (beyond the giving of applicable notice and the passage of applicable grace periods), (y) Subtenant has not previously been in default hereunder (similarly defined) and (z) no event which, with the passage of time, would constitute a default hereunder (similarly defined) then exists.

(b) Notwithstanding the foregoing provisions of this Section 4.5(a) to the contrary, if, during the Term, Subtenant completes a public offering of its equity which is "firmly underwritten" by a recognized investment banking institution and the proceeds of which equal or exceed $75,000,000.00, then, upon written request by Subtenant, the face amount of the then-current Letter of Credit may be reduced to an amount equal to $450,000.00 then payable under this Sublease. However, if, following any such reduction, Subtenant is in default under this Sublease, Sublandlord shall have the right to require that Subtenant reinstate the Letter of Credit to the original amount required hereunder, in the same manner as is described in Section 4.5(a) above.

5. Use and Occupancy.

5.1 Use. The Subleased Premises shall be used and occupied only for general office use, and for no other use or purpose.

5.2 Compliance with Master Lease.

(a) By Subtenant. Subtenant agrees that it will occupy the Subleased Premises in accordance with the terms of the Master Lease and will not suffer to be done or omit to do any act which may result in a violation of or a default under any of the terms and conditions of the Master Lease, or render Sublandlord liable for any damage, charge or expense thereunder. Subtenant further covenants and agrees to indemnify Sublandlord against and hold Sublandlord harmless from any claim, demand, action, proceeding, suit, liability, loss, judgment, expense (including attorneys fees) and damages of any kind or nature whatsoever arising out of, by reason of, or resulting from, Subtenant's failure to perform or observe any of the terms and conditions of the Master Lease or this Sublease. Any other provision in this Sublease to the contrary notwithstanding, Subtenant shall pay to Sublandlord as Rent hereunder any and all sums which Sublandlord may be required to pay Landlord arising out of a request by Subtenant for, or use by Subtenant of, additional or over-standard Building services from Landlord (for example, but not by way of limitation, charges associated with after-hours HVAC usage and overstandard electrical charges).

(b) By Sublandlord. Sublandlord agrees that it will perform its obligations under the Master Lease during the Term and will not amend or modify the Master Lease in any way or knowingly take any action under the Master Lease which would increase Sublandlord's obligations hereunder (other than in a de minimus way, such as requiring Subtenant to send notices to an additional address, etc.) or materially adversely affect Subtenant's rights hereunder. Without limitation, Sublandlord agrees that it will not terminate the Master Lease without the prior written consent of Subtenant, except as Sublandlord may be entitled to terminate the Master Lease in the event of casualty or condemnation.

(c) Master Lease Renewal. Sublandlord will not exercise its rights to renew the Master Lease.

5.3 Rules and Regulations. Subtenant shall comply with the rules and regulations for the Building attached hereto as **Exhibit E** and such amendments or supplements thereto as Sublandlord may adopt from time to time with prior notice to Subtenant (the "Rules and Regulations"), as well as any applicable CC&R's. Sublandlord agrees that (i) any Rules and Regulations promulgated by Sublandlord shall not be unreasonably modified or amended or enforced in a manner which will unreasonably interfere with the normal and customary conduct of Subtenant's business and no Rule or Regulation shall unreasonably or materially interfere with Subtenant's permitted use, (ii) Sublandlord shall provide Subtenant with reasonable advance notice of any modification or amendment of the Rules and Regulations, and (iii) in the event of a conflict between the Rules and Regulations and the provisions of this Sublease, the provisions of this Sublease will control. Without limitation on the foregoing, Subtenant acknowledges that CC&R's may provide for some or all of the Project common areas to be transferred to a property owners' association which will assume the obligation to cause to be operated and maintained some or all of the Project common areas (typically, through a property management/maintenance company retained by the property owners' association in respect of such obligations); in such event, any costs incurred by Sublandlord to pay such property owners' association fee will be included in Operating Costs. Sublandlord shall not be liable to Subtenant for or in connection with the failure of any other tenant of the Building or Project to comply with any rules and regulations applicable to such other occupant under its lease or sublease.

5.4 Landlord's Obligations. Subtenant agrees that Sublandlord shall not be required to perform any of the covenants, agreements and/or obligations of Landlord under the Master Lease and, insofar as any of the covenants, agreements and obligations of Sublandlord hereunder are required to be performed under the Master Lease by Landlord thereunder, Subtenant acknowledges and agrees that Sublandlord shall be entitled to look to Landlord for such performance. In addition, Sublandlord shall have no obligation to perform any repairs or any other obligation of Landlord under the Master Lease. Except as expressly set forth herein, Sublandlord shall not be responsible for any failure or interruption, for any reason whatsoever, of the services or facilities that may be appurtenant to or supplied at the Building or Project by Landlord, and no failure to furnish, or interruption of, any such services or facilities shall give rise to any (i) abatement, diminution or reduction of Subtenant's obligations under this Sublease, or (ii) liability on the part of Sublandlord. Notwithstanding the foregoing, Sublandlord shall promptly take such action as may reasonably be indicated, under the circumstances, to secure such performance upon Subtenant's request to Sublandlord to do so and shall thereafter use diligent efforts to secure timely completion of such performance by Landlord.

5.5 Maintenance.

(a) Sublandlord's Maintenance. Sublandlord shall keep and maintain in good repair and working order and make repairs to and perform maintenance upon: (1) all structural elements and components of the Building (except to the extent that the responsibility for such work is Landlord's pursuant to the Master Lease); (2) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building in general; (3) the "Building Common Areas" (i.e., those areas within the Building devoted to corridors, elevator lobbies, vending areas and lobby areas (whether at ground level or otherwise), and other similar facilities provided for the common use or benefit of tenants generally and/or the public (excluding those areas within the Building used for elevator shafts, flues, vents, stacks, pipe shafts, risers and other vertical penetrations, mechanical rooms, elevator mechanical rooms, janitorial closets, electrical and telephone closets, mail rooms and similar areas in the Building not designated for the exclusive use of a particular tenant or for the common use of tenants in general); (4) exterior windows of the Building; (5) elevators serving the Building; and (6) Building standard lighting fixtures (i.e., lamp and ballasts) within the Subleased Premises. Sublandlord shall not be responsible for, and Subtenant shall reimburse Sublandlord within ten (10) business days after demand from Sublandlord, for the cost of any repairs, together with an administrative charge in an amount equal to 10% of the cost thereof, for damage caused by any negligent or intentional act or omission of Subtenant or any person claiming through or under Subtenant or any of Subtenant's employees, contractors or agents or because of use of the Subleased Premises for other than normal and customary office operations. Sublandlord shall perform its obligations under this Section 5.5(a) within a reasonable time (considering the nature and urgency of the repair) after Sublandlord receives written notice of the need for such repairs or maintenance. Notwithstanding anything to the contrary contained in this Sublease, except as provided in Section 6.2 below or as otherwise expressly provided in this Sublease, Sublandlord shall not be liable for and there shall be no abatement of rent with respect to, any injury to or interference with Subtenant's business arising from any performance or nonperformance of any

repair, maintenance, alteration or improvement in and to any portion of the Project, Building or the Subleased Premises, no actual or constructive eviction of Subtenant shall result from such performance or nonperformance, Subtenant shall not have the right to terminate this Sublease, and Subtenant shall not be relieved from the performance of any covenant or agreement in this Sublease by reason thereof. Subtenant hereby waives and releases its right to make repairs at Sublandlord's expense under Sections 1932(1), 1933(4), 1941 and 1942 of the California Civil Code or any similar or successor laws now or hereinafter in effect.

(b) Subtenant's Maintenance. Subtenant shall, at its sole cost and expense, promptly perform all maintenance and repairs to the Subleased Premises that are not Sublandlord's express responsibility under this Sublease, and shall keep the Subleased Premises in good condition and repair, reasonable wear and tear and repairs that are the express responsibility of Sublandlord under this Sublease excepted. Subtenant's repair obligations include, without limitation, repairs to: (1) the interior side of demising walls; (2) doors; (3) floor coverings; (4) interior partitions, interior glass, interior window treatments, ceiling tiles, shelving, cabinets, millwork and other tenant improvements; (5) electronic, phone and data cabling and related switches and transmission lines (collectively, "Network Cabling") that is installed by or for the exclusive benefit of Subtenant and located in the Subleased Premises or other portions of the Building or Project; (6) supplemental air conditioning units, private showers and kitchens, including hot water heaters, plumbing and similar facilities serving Subtenant exclusively (Subtenant will provide Sublandlord with written copies of all maintenance contracts for such work); and (7) alterations or Subtenant Alterations approved by Sublandlord (and, if required, Landlord) and performed by contractors retained by Subtenant, including related HVAC balancing. All work shall be performed in accordance with the rules and procedures described in this Sublease, the Master Lease, or as may otherwise be issued from time to time by Landlord or Sublandlord. If Subtenant fails to make any repairs to the Subleased Premises for more than fifteen (15) days after written notice from Sublandlord (although notice shall not be required if there is an emergency), Sublandlord may make the repairs, and Subtenant shall pay the reasonable cost of the repairs to Sublandlord within ten (10) business days after receipt of an invoice, together with an administrative charge in an amount equal to 10% of the cost of the repairs.

5.6 Compliance with Laws. Subtenant shall comply with all laws, including, without limitation, the Americans with Disabilities Act, regarding the operation of Subtenant's business and the use, condition, configuration and occupancy of the Subleased Premises and any Subtenant Alterations in the Subleased Premises; provided, however, that Subtenant shall have no obligation to comply with laws requiring improvements to the common areas or the Building structure, except to the extent the same are necessitated by any Subtenant Improvements or Subtenant's use of the Subleased Premises for other than general office purposes. Sublandlord shall comply with all laws relating to the common areas and the base Building (except to the extent that such compliance is the responsibility of Landlord under the Master Lease), provided that compliance with such laws is not necessitated by Subtenant Improvements or Subtenant's use of the Subleased Premises for other than general office purposes and is not otherwise the responsibility of Subtenant as expressly provided in this Sublease, and provided further that Sublandlord's failure to comply therewith would prohibit Subtenant from obtaining or maintaining a certificate of occupancy for the Subleased Premises, would unreasonably and materially affect the safety of Subtenant or Subtenant's employees,

would create a significant health hazard for Subtenant or Subtenant's employees or would otherwise materially interfere with Subtenant or Subtenant's employees' use and enjoyment of the Subleased Premises. Sublandlord shall be permitted to include in Operating Costs any costs or expenses incurred by Sublandlord under this Section 5.6 to the extent allowed pursuant to the terms of, and amortized to the extent required by, the provisions of Section 3.2 above. Subtenant, within ten (10) days after receipt, shall provide Sublandlord with copies of any notices it receives regarding a violation or alleged violation of any laws. Subtenant shall comply with the rules and regulations of the Building and such other reasonable rules and regulations adopted by Sublandlord from time to time and with all recorded covenants, conditions and restrictions now or hereafter affecting the Building or the Project (collectively, "CC&Rs") that do not prohibit Subtenant's use of the Subleased Premises for general office use and to the extent the same do not materially adversely increase Subtenant's obligations or materially adversely decrease Subtenant's rights under this Sublease.

6. Services.

6.1 Generally. Sublandlord agrees to furnish Subtenant with the following services on all days, 24-hours per day (except as otherwise stated), all of which shall be included in Operating Costs except as otherwise provided in this Sublease with respect to excess usage:

(a) Water. Running City water from the regular Building outlets for drinking, lavatory and toilet purposes in the Building Common Areas on each floor on which the Subleased Premises are located. If Subtenant desires water in the Subleased Premises for any approved reason, including for kitchen areas in the Subleased Premises, running City water shall be supplied, at Subtenant's sole cost and expense, from the Building water main through a line and fixtures installed at Subtenant's sole cost and expense with the prior reasonable consent of Sublandlord. If Subtenant desires hot water in the Subleased Premises, Subtenant, at its sole cost and expense and subject to the prior reasonable consent of Sublandlord, may install a hot water heater in the Subleased Premises;

(b) HVAC.

(1) Generally. Except for the Server Room (defined below), heating, ventilation and air conditioning ("HVAC") in season during Building Hours (i.e., 8:00 a.m. to 6:00 p.m., Monday through Friday, holidays excepted), at such temperatures and in such amounts as required by governmental authority. Subtenant shall have the right to receive HVAC service during hours other than Building Hours using Sublandlord's "after-hours" access card system. Subtenant shall pay Sublandlord the standard charge established from time to time by Sublandlord for the additional service, which charge Subtenant acknowledges for after-hours HVAC service is currently $89.60 per floor (or partial floor) per hour as of the date of this Sublease, and which cost may be increased to the extent that Sublandlord's actual cost (hereinafter defined) of providing such "after hours" HVAC increases from time to time. The minimum time period for after hours HVAC usage shall be one (1) hour. For purpose of this Section 6.1(b), "actual cost" shall mean the actual cost incurred by Sublandlord, as reasonably determined by Sublandlord, inclusive of a reasonable allocation for wear and tear, depreciation, provided that, notwithstanding the foregoing, any amount actually charged by any unrelated third

party to Sublandlord for the supply of HVAC shall be deemed Sublandlord's "actual cost". When determining the actual cost of Subtenant's utility usage pursuant to the terms of this Section 6.1(b), Sublandlord agrees that it shall use the monthly average rate paid by Sublandlord for a particular utility;

(2) Rooftop Chiller. Sublandlord shall provide Subtenant access to, and the right to the use of, the Building's rooftop supplemental chiller and associated systems, which will be maintained by Sublandlord. Subtenant will pay to Sublandlord as additional Rent hereunder, Sublandlord's estimate of Subtenant's proportionate share (i.e., Subtenant's consumption of chiller services as it relates to the aggregate consumption of such services by all subtenants in the Building) of the aggregate cost of operating such chiller, which aggregate cost Sublandlord initially estimates to be the sum of $72.00 per day; Sublandlord may revise such charges from time to time. Such charge will be payable by Subtenant on a monthly basis as and when Base Rent is payable hereunder. Subtenant shall have the right to audit the costs associated with rooftop chiller services pursuant to Section 3.2(c)(2)(C) above.

(3) Chilled Water Riser. The rooftop chiller has an aggregate capacity of 100 tons at 200 gallons per minute (GPM). As of the date of this Sublease, the portion of the Subleased Premises located on the second (2nd) floor of the Building contains the following supplemental HVAC units (the "Existing Supplemental Units"): one (1) 7.5 ton floor-mounted Liebert unit; one (1) 15 ton floor-mounted Data-Aire unit; two (2) 10 ton floor-mounted Liebert units; six (6) ton ceiling mounted units; and one (1) 7.5 ton ceiling mounted unit.

Upon the mutual execution and delivery of this Sublease, the Existing Supplemental Units shall become the property of Subtenant (Sublandlord will, at Subtenant's request, provide Subtenant with a bill of sale transferring ownership of the Existing Supplemental Units to Subtenant on an "as-is" basis free of third-party liens or claims). Sublandlord makes no representation or warranty to Subtenant regarding the condition or operability of any Existing Supplemental Units. Subtenant will have the right to use the Existing Supplemental Units or such other supplemental HVAC units as Subtenant elects to install within the Subleased Premises (together with the Existing Supplemental Units, "Supplemental Units"). Subtenant may connect (or leave connected, as the case may be) Supplemental Units to the Building's chilled water riser; provided, that in no event will Subtenant's aggregate usage of chilled water in the Subleased Premises exceed fifty (50) tons (assuming a maximum of two (2) GPM per ton). Subtenant will bear all necessary costs of any additional piping or other infrastructure necessary to provide chilled water to the Supplemental Units. Prior to Subtenant's occupancy or the commencement of any work within the Subleased Premises, Subtenant will submit to Sublandlord a schedule of all Supplemental Units to be operated within the Subleased Premises. In connection with the foregoing, Subtenant will disconnect, cap-off and, if required by Sublandlord, remove (collectively, "Decommission") all Existing Supplemental Units which Subtenant will not use; Sublandlord will bear the reasonable cost of such Decommissioning work. Prior to commencing any Decommissioning work, Subtenant will deliver to Sublandlord a schedule of the Existing Supplemental Units which are scheduled for Decommissioning, together with a bid or quotation for the cost of such Decommissioning work. At Sublandlord's election, Sublandlord may require that the Decommissioning work be performed by Sublandlord's contractor in order to reduce the costs of such work. Sublandlord will have the right to inspect

all Decommissioned Existing Supplemental Units at any time in order to assure that said units are not connected to the chilled water riser (Subtenant acknowledges that connecting Decommissioned Existing Supplemental Units to the chilled water riser could materially and detrimentally affect the ability of Building occupants to be served by the rooftop chiller with adequate capacity and agrees that re-connecting an Existing Supplemental Unit which was previously Decommissioned, or fails to Decommission an Existing Supplemental Unit which was scheduled for Decommissioning, would constitute a material breach hereunder).

(4) Blitz Room. The parties acknowledge that the Subleased Premises contains a room, designated as the "Blitz Room" and identified as such on the attached Exhibit A-4 which is currently served by Existing Supplemental Units. If Subtenant elects to Decommission some or all of the Supplemental Units serving the Blitz Room and as a consequence the Blitz Room does not have sufficient HVAC service from the Building's HVAC system to support normal office occupancy of the Blitz Room, Sublandlord will, at Sublandlord's sole cost, arrange for the Blitz Room to be served by sufficient HVAC service to support normal office occupancy per current (as of the date of this Sublease) ASHRAE Standards, the ongoing cost of such HVAC service will be included in Sublandlord Operating Costs.

Subtenant shall be responsible, at its cost, for the cost of purchasing and installing a E-mon D-mon submeter, or another method mutually agreed upon by the parties for each of the Supplemental Unit(s) to measure electricity consumption in connection with Supplemental Units, as well as the cost of all such electricity that is consumed. Upon the expiration or earlier termination of this Sublease, Subtenant shall remove the Supplemental Units and all associated pipes and infrastructure from the Building to the extent such removal is required by Landlord.

(c) Janitorial. Janitor service five (5) days per week (except on dates of the observation of holidays); provided that if Subtenant's use, floor covering or other improvements require special services in excess of the standard services for the Building, Subtenant shall pay the additional cost attributable to the special services;

(d) Elevators and Access. Nonexclusive, non-attended automatic passenger elevator service during Building Hours, and at least one elevator available at all other times to provide service to the Subleased Premises. Freight elevator access is available, but the vestibules for the freight elevator on each floor will require card key access. Subtenant shall have access to the Subleased Premises 24-hours per day, 7 days a week, subject to temporary closures due to emergency, casualty, Sublandlord's security requirements and maintenance, repair or changes to the Building or Project;

(e) Electricity. Electricity to the Subleased Premises for general office use, in accordance with and subject to the terms and conditions of Section 7 below;

(f) Security. On-site Project (as opposed to Building) security equipment, personnel and procedures, if any, as Sublandlord may elect in its sole discretion to establish from time to time; and

(g) Other. Such other services as Sublandlord reasonably determines are necessary or appropriate for the Building or Project.

6.2 Interruption of Service. Sublandlord's failure to furnish, or any interruption or termination of, services due to the application of laws, the failure of any equipment, the performance of repairs, improvements or alterations, or the occurrence of any event or cause beyond the reasonable control of Sublandlord (a "Service Failure"), shall not render Sublandlord liable to Subtenant, constitute a constructive eviction of Subtenant, give rise to an abatement of rent (except as expressly set forth herein), nor relieve Subtenant from the obligation to fulfill any covenant or agreement, provided that if any interruption in services to the Subleased Premises (i) continues for five (5) consecutive business days or more, (ii) is due to the act or omission of Sublandlord or Sublandlord's employees or agents, (iii) is not attributable to the acts or omissions of Subtenant or Subtenant's employees, invitees or agents and (iv) prevents Subtenant from occupying any material portion of the Subleased Premises, Base Rent shall abate from and after the fifth (5th) consecutive business day of the interruption to the extent the Subleased Premises are rendered unusable and are actually not used by Subtenant as a result thereof. In no event, however, shall Sublandlord be liable to Subtenant for any loss or damage, direct or indirect, special or consequential, including loss of business or theft of Subtenant's property, arising out of or in connection with the failure of any security services, personnel or equipment.

7. Use of Electrical Services by Subtenant.

7.1 Normal Electrical Usage. Except for the Server Room, which capacity as of the date of execution of this Sublease shall remain for Subtenant's use and which is described in Section 7.3 below, the Building has been designed to accommodate electrical receptacle (120/208v) loads of three and one half (3.5) watts per usable square foot and an average lighting load of two (2) watts per usable square foot during Building Hours, with such average determined on a monthly basis (the "Standard Electrical Usage"), which electrical usage shall be subject to applicable laws, including Title 24. Subtenant will design Subtenant's electrical system serving any equipment producing nonlinear electrical loads to accommodate such nonlinear electrical loads, including, but not limited to, oversizing neutral conductors, derating transformers and/or providing power-line filters. Engineering plans shall include a calculation of Subtenant's fully connected electrical design load with and without demand factors and shall indicate the number of watts of unmetered and submetered loads. Electrical service to the Subleased Premises may be furnished by one or more companies providing electrical generation, transmission and distribution services, and the cost of electricity may consist of several different components or separate charges for such services, such as generation, distribution and stranded cost charges. Sublandlord shall have the exclusive right to select any company providing electrical service to the Subleased Premises, to aggregate the electrical service for the Project, Building or Subleased Premises with other buildings, to purchase electricity through a broker and/or buyers group and to change the providers and manner of purchasing electricity. Subtenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Subleased Premises. Sublandlord, as part of Operating Costs, shall bear the cost of lamps, starters and ballasts for Building standard lighting fixtures within the Subleased Premises.

7.2 Excess Usage. Subtenant's use of electrical service shall not exceed, either in voltage, rated capacity or overall load, the Standard Electrical Usage. If Subtenant requests permission to consume excess electrical service, Sublandlord may refuse to consent or may condition consent upon conditions that Sublandlord reasonably elects (including, without limitation, the installation of utility service upgrades, meters, submeters, air handlers or cooling units), and the additional usage (to the extent permitted by law), installation and maintenance costs shall be paid by Subtenant. Sublandlord shall have the right to separately meter or submeter electrical usage for the Subleased Premises and to measure electrical usage by survey or other commonly accepted methods; if Subtenant is consuming in excess of Standard Electrical Usage, such meter or submeter will be installed at Subtenant's cost.

7.3 Server Room. As part of the Initial Subtenant Alterations, Subtenant will install an electrical meter in the Server Room for the purpose of measuring the electricity consumed in the Server Room. Subtenant will pay to Sublandlord directly the cost of electricity consumed in the Server Room as shown by such meter, on a monthly basis as Additional Rent hereunder within thirty (30) days following delivery of an invoice by Sublandlord.

8. Master Lease and Sublease Terms.

8.1 Subject to Master Lease. This Sublease is and shall be at all times subject and subordinate to the Master Lease. Subtenant acknowledges that Subtenant has reviewed and is familiar with all of the terms, agreements, covenants and conditions of the Master Lease. Additionally, Subtenant's rights under this Sublease shall be subject to the terms of the Consent. During the Term and for all periods subsequent thereto with respect to obligations which have arisen prior to the termination of this Sublease, Subtenant agrees to perform and comply with, for the benefit of Sublandlord and Landlord, the obligations of Sublandlord under the Master Lease which pertain to the Subleased Premises and/or this Sublease, except for those provisions of the Master Lease which are directly contradicted by this Sublease, in which event the terms of this Sublease document shall control over the Master Lease. Sublandlord agrees that during the Term, Sublandlord will not amend, modify or voluntarily terminate the Master Lease in a manner which increases Subtenant's obligations hereunder as materially adversely affects Subtenant's rights hereunder. The foregoing will not preclude Sublandlord from terminating the Master Lease in the event of casualty or condemnation.

8.2 Incorporation of Terms of Master Lease. The terms, conditions and respective obligations of Sublandlord and Subtenant to each other under this Sublease shall be the terms and conditions of the Master Lease, except for those provisions of the Master Lease which are directly contradicted by this Sublease, in which event the terms of this Sublease shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Landlord" is used it shall be deemed to mean Sublandlord and wherever in the Master Lease the word "Tenant" is used it shall be deemed to mean Subtenant and wherever in the Master Lease the word "Premises" is used it shall be deemed to mean Subleased Premises. Any non-liability, release, indemnity or hold harmless provision in the Master Lease for the benefit of Landlord that is incorporated herein by reference, shall be deemed to inure to the benefit of Sublandlord, Landlord, and any other person intended to be benefited by said

provision, for the purpose of incorporation by reference in this Sublease. Any right of Landlord under the Master Lease (a) of access or inspection, (b) to do work in the Master Lease Premises or in the Building, or (c) in respect of rules and regulations, which is incorporated herein by reference, shall be deemed to inure to the benefit of Sublandlord, Landlord, and any other person intended to be benefited by said provision, for the purpose of incorporation by reference in this Sublease.

8.3 Clarifications. For the purposes of incorporation herein, the terms of the Master Lease are subject to the following additional modifications:

(a) Approvals. In all provisions of the Master Lease (under the terms thereof and without regard to modifications thereof for purposes of incorporation into this Sublease) requiring the approval or consent of Landlord, Subtenant shall be required to obtain the approval or consent of both Sublandlord and Landlord. Except as otherwise provided herein, Sublandlord shall not unreasonably withhold, or delay its consent to or approval of a matter if such consent or approval is required under the provisions of the Master Lease and Landlord has consented to or approved of such matter.

(b) Deliveries. In all provisions of the Master Lease requiring Tenant to submit, exhibit to, supply or provide Landlord with evidence, certificates, or any other matter or thing, Subtenant shall be required to submit, exhibit to, supply or provide, as the case may be, the same to both Landlord and Sublandlord.

(c) Damage; Condemnation. Sublandlord shall have no obligation to restore or rebuild any portion of the Subleased Premises after any destruction or taking by eminent domain; provided that if and to the extent the Subleased Premises contain improvements which constitute "Alterations" or "Tenant Improvements", as said terms are described in the Master Lease, and Sublandlord, as the Tenant under the Master Lease, is required to restore such Tenant Improvements or Alterations, Sublandlord will perform such work in accordance with the terms of the Master Lease. Sublandlord will not, however, have any obligation to repair or service any Subtenant Alterations.

(d) Insurance. In all provisions of the Master Lease requiring Tenant to designate Landlord as an additional or named insured on its insurance policy, Subtenant shall be required to so designate Landlord and Sublandlord on its insurance policy.

8.4 Exclusions. Notwithstanding the terms of Section 8.2 above, Subtenant shall have no rights nor obligations under the following parts, Sections and Exhibits of the Master Lease:

(a) Original Master Lease: Article 1, Section 2.A.iv (second paragraph), Section 2.A.vi. Section 2.C, Section 3.A (first, third, fourth and fifth sentences only), Section 3.C, Sections 4.A, 4.B. and 4.D, Article 5, Sections 6.A, 6.B (clauses vii, and viii and final sentence only), Sections 6.C, 7.A (the reference to "Landlord" in the seventh sentence will be deemed a reference to Landlord only, not Sublandlord), 8.A (the reference to "Landlord" in this Section will be deemed a reference to Landlord only, not Sublandlord), 8.B, 8.C, 8.D, 8.E, 8.G, 9.B, Article 11, Sections 14.B (final sentence only), 17.B (clause (ii) and references to "Monthly Amortized Costs" only), Article 18, Article 19, Article 20, Sections 21.C, 21.M, 21.T, 21.W.

(b) First Amendment: All.

(c) Second Amendment: All.

(d) Third Amendment: All

8.5 Modifications. Notwithstanding the terms of Section 8.2 above, the following provisions of the Master Lease are modified as described below for the purpose of their incorporation into this Sublease:

(a) With respect to Article 15 of the Original Master Lease, if Landlord elects to terminate the Master Lease pursuant to Section 15.B of the Original Master Lease or if Sublandlord elects to terminate the Master Lease pursuant to Section 15.C of the Original Master Lease, Sublandlord will promptly notify Subtenant and this Sublease will terminate concurrently with the termination of the Master Lease. If neither Landlord nor Sublandlord elects to terminate the Master Lease, Sublandlord will nonetheless provide Subtenant with a copy of Landlord's notice of the time necessary to complete repairs as provided in Section 15.C of the Original Master Lease, as well as an estimate of the additional time necessary for Sublandlord to complete any repairs required of Sublandlord pursuant to the provisions of Article 15 of the Original Master Lease, and (x) Subtenant will have the same right to terminate the Sublease as Sublandlord has to terminate the Master Lease as described in the second (2nd) and fourth (4th) sentences of Section 15.C of the Original Master Lease as incorporated herein; provided that for such purposes references in the second (2nd) and fourth (4th) sentences of Section 15.C to "Landlord" or Landlord's" will be deemed to be references to "Sublandlord" or "Sublandlord's" and "Landlord" or "Landlord's".

(b) With respect to Section 17.A of the Original Master Lease, the second (2nd) clause (i) is modified to provide that Sublandlord may terminate this Sublease with respect to an assignment of this Sublease or a proposed sub-sublease of any portion of the Subleased Premises for substantially the remainder of the Term (but in the case of a proposed sub-sublease of a portion of the Subleased Premises, such termination will only be with respect to the portion of the Subleased Premises which Subtenant proposes to sub-sublease, and effective as of the date of such termination, the Base Rent payable hereunder, as well as Subtenant's Building Percentage Share and Subtenant's Project Percentage Share, will be adjusted to reflect the reduction in the size of the Subleased Premises).

(c) With respect to Section 17.E of the Original Master Lease, in clauses (ii) and (iii), in each case the phrase "has a net worth at the time of and thereafter sufficient to enable it to meet its obligations under this Lease" is deleted and restated, for the purposes of incorporation herein, as follows: "has a net worth which, in Sublandlord's reasonable determination, is equal to or in excess of the net worth of Subtenant as of the date immediately preceding the proposed assignment and is sufficient to enable it to meet its obligations under this Lease."

(d) Except as set forth in Section 8.5(b) above, references in the following provisions of the Master Lease to "Landlord" shall mean "Landlord"; Articles 15 and 16.

(e) With respect to Section 21(g) of the Original Master Lease, Sublandlord will be permitted to enter the Subleased Premises in order to perform any maintenance and repair tasks applicable to the Subleased Premises or the Building or to facilitate the construction of improvements within the Building (for example, access may be necessary in order to install connections between rooftop facilities and the premises of Building occupants on lower floors who are served by such facilities) which work will not require Subtenant's prior consent, to access the Telecom Riser Room and Mechanical Room and other similar facilities located on the floor(s) on which the Subleased Premises are located; Sublandlord agrees to use reasonable efforts to minimize disturbance to Subtenant's business operations in the Subleased Premises as a result of any such entry and to provide reasonable (i.e., at least twenty-four (24) hours) advance notice (which may be telephonic) to Subtenant of any such entry, except in the case of emergency.

9. Assignment and Subletting.

9.1 Generally. Subtenant shall not assign this Sublease or further sublet all or any part of the Subleased Premises except subject to and in compliance with all of the terms and conditions of Article 17 of the Original Master Lease, and Sublandlord (in addition to Landlord) shall have the same rights with respect to assignment and subleasing as Landlord has under such Article 17; provided, however, that:

(a) fifty percent (50%) of all excess rent (calculated as provided in Section 17.B of the Original Master Lease) in connection with any such assignment or sublease shall be payable to Sublandlord as and when received by Subtenant;

(b) in connection with any proposed assignment or subletting by Subtenant, Sublandlord will have the right, to be exercised by written notice delivered within twenty (20) days after Subtenant's submission of all necessary materials requesting Sublandlord's consent to such assignment or sublease, to terminate this Sublease with respect to the space that is the subject of such proposed assignment or sublease, effective as of the proposed effective date of such proposed assignment or sublease; and

(c) in no event will any sublease by Subtenant subdivide a floor of the Building into a multi-occupant floor.

9.2 Fees and Costs. Subtenant shall pay all fees and costs payable to Master Landlord pursuant to the Master Lease in connection with any proposed assignment, sublease or transfer of the Subleased Premises, together with all of Sublandlord's reasonable out-of-pocket costs relating to Subtenant's request for such consent, regardless of whether such consent is granted, and the effectiveness of any such consent shall be conditioned upon Master Landlord's and Sublandlord's receipt of all such fees and costs. The sale of shares of Subtenant's stock on a nationally recognized securities exchange in the normal course of trading (as opposed to the transfer of shares in connection with a merger or acquisition) will not constitute an assignment of Subtenant's interest in this Sublease.

10. Default. Except as expressly set forth herein, Subtenant shall perform all obligations in respect of the Subleased Premises that Sublandlord would be required to perform pursuant to the Master Lease, to the extent incorporated herein. It shall constitute an event of default hereunder if Subtenant fails to perform any obligation hereunder (including, without limitation, the obligation to pay Rent), or any obligation under the Master Lease which has been incorporated herein by reference, and, in each instance, Subtenant has not remedied such failure after delivery of any written notice required under this Sublease and passage of the cure periods prescribed in Article 13 of the Original Master Lease as incorporated herein, provided that with respect to non-monetary defaults, Subtenant's cure period shall be longer of (A) one-half of, or (B) five (5) calendar days less than, the actual cure period provided for such non-monetary default under the Master Lease.

11. Remedies. In the event of any default hereunder by Subtenant, Sublandlord shall have all remedies provided to the "Landlord" in the Master Lease as if an event of default had occurred thereunder and all other rights and remedies otherwise available at law and in equity. Without limiting the generality of the foregoing, Sublandlord may continue this Sublease in effect after Subtenant's breach and abandonment and recover Rent as it becomes due. Sublandlord may resort to its remedies cumulatively or in the alternative.

12. Right to Cure Defaults. If Subtenant fails to perform any of its obligations under this Sublease after expiration of applicable grace or cure periods, then Sublandlord may, but shall not be obligated to, perform any such obligations for Subtenant's account. All costs and expenses incurred by Sublandlord in performing any such act for the account of Subtenant shall be deemed Rent payable by Subtenant to Sublandlord upon demand, together with interest thereon at the lesser of (i) fifteen percent (15%) per annum or (ii) the maximum rate allowable under law (the "Interest Rate") from the date of the expenditure until repaid. If Sublandlord undertakes to perform any of Subtenant's obligations for the account of Subtenant pursuant hereto, the taking of such action shall not constitute a waiver of any of Sublandlord's remedies. Subtenant hereby expressly waives its rights under any statute to make repairs at the expense of Sublandlord.

13. Sublandlord's Liability. Notwithstanding any other term or provision of this Sublease, the liability of Sublandlord to Subtenant for any default in Sublandlord's obligations under this Sublease shall be limited to actual, direct damages, and under no circumstances shall Subtenant, its partners, members, shareholders, directors, agents, officers, employees, contractors, sublessees, successors and/or assigns be entitled to recover from Sublandlord (or otherwise be indemnified by Sublandlord) for (a) any losses, costs, claims, causes of action, damages or other liability incurred in connection with a failure of Landlord, its partners, members, shareholders, directors, agents, officers, employees, contractors, successors and /or assigns to perform or cause to be performed Landlord's obligations under the Master Lease, (b) lost revenues, lost profit or other consequential, special or punitive damages arising in connection with this Sublease for any reason, or (c) any damages or other liability arising from or incurred in connection with the condition of the Subleased Premises or suitability of the Subleased Premises for Subtenant's intended uses. Subtenant shall, however, have the right to

seek any injunctive or other equitable remedies as may be available to Subtenant under applicable law. Notwithstanding any other term or provision of this Sublease, no personal liability shall at any time be asserted or enforceable against Sublandlord's stockholders, directors, officers, or partners on account of any of Sublandlord's obligations or actions under this Sublease. As used in this Sublease, the term "Sublandlord" means the holder of the tenant's interest under the Master Lease and the holder of Sublandlord's interest under this Sublease. In the event of any assignment or transfer of the Sublandlord's interest under this Sublease, which assignment or transfer may occur at any time during the Term in Sublandlord's sole discretion, Sublandlord shall be and hereby is entirely relieved of all covenants and obligations of Sublandlord hereunder accruing subsequent to the date of the transfer and it shall be deemed and construed, without further agreement between the parties hereto, that any transferee has assumed and shall carry out all covenants and obligations thereafter to be performed by Sublandlord hereunder. Sublandlord may transfer and deliver any then existing Security Deposit to the transferee of Sublandlord's interest under this Sublease, and thereupon Sublandlord shall be discharged from any further liability with respect thereto.

14. Attorneys' Fees. If Sublandlord or Subtenant brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing party who recovers substantially all of the damages, equitable relief or other remedy sought in any such action on trial and appeal shall be entitled to receive from the other party its costs associated therewith, including, without limitation, reasonable attorneys' fees and costs from the other party.

15. Delivery of Possession.

15.1 Generally. Sublandlord shall deliver, and Subtenant shall accept, possession of the Subleased Premises in their "AS IS" condition as the Subleased Premises exists on the date of such delivery. Sublandlord shall have no obligation to furnish, render or supply any work, labor, services, materials, furniture other than the Furniture, defined below, fixtures, equipment, decorations or other items to make the Subleased Premises ready or suitable for Subtenant's occupancy. In connection therewith, the parties acknowledge that there is an existing server room located within Second Floor Space (the "Server Room") which will be delivered by Sublandlord in its "as is" condition, including any existing equipment and racks currently located therein. Subtenant expressly acknowledges that Sublandlord has made no representation or warranty as to the suitability or fitness of any equipment located in the Server Room, and, while any such equipment may be used by Subtenant at Subtenant's option, all such equipment is accepted by Subtenant in its current "as is" condition. Further, the parties acknowledge that an existing generator providing back-up power for the Building's life safety systems also supplies back-up power to some, but not all, of the electrical outlets in the Server Room (the primary purpose of such back-up generator being to support the life safety systems of the Building); Sublandlord will continue to maintain and operate such back-up generator, but does not represent or warrant to Subtenant that such back-up generator will timely provide backup power to the Server Room, or, if such power is provided, that such power will be provided in a quantity or quality necessary to maintain Subtenant's equipment located therein operational. In making and executing this Sublease, Subtenant has relied solely on such investigations, examinations and inspections as Subtenant has chosen to make or has made and has not relied on any representation or warranty concerning the Subleased Premises or the Building, except as expressly set forth in this Sublease. Subtenant acknowledges that Sublandlord has afforded

Subtenant the opportunity for full and complete investigations, examinations and inspections of the Subleased Premises and the Building Common Areas. Subtenant acknowledges that it is not authorized to make or perform any alterations or improvements in or to the Subleased Premises except as permitted by the provisions of this Sublease and the Master Lease and that upon termination of this Sublease, Subtenant shall deliver the Subleased Premises to Sublandlord in the same condition as the Subleased Premises were at the commencement of the Term, reasonable wear and tear and those Subtenant Alterations the removal of which is not required by the terms hereof excepted; in any event, at Subtenant's cost, Subtenant will remove all telecommunications and data cabling (including Network Cabling) installed by or for the benefit of Subtenant.

15.2 Subtenant's Alterations.

(a) Generally. The parties acknowledge that Subtenant intends to construct improvements within the Subleased Premises; said improvements which are initially constructed in anticipation of Subtenant's occupancy of the Subleased Premises (the "Initial Subtenant Alterations") or are constructed by or on behalf of Subtenant following Subtenant's occupancy of the Subleased Premises being referred to as "Subtenant Alterations". All Subtenant Alterations shall be carried out in accordance with, and will be deemed "alterations" for the purpose of the Master Lease and will be subject to Landlord's prior written approval to the extent required under the Master Lease. Sublandlord will have the right to approve the plans and specifications for any proposed Subtenant Alterations, as well as any contractors whom Subtenant proposes to retain to perform such work (provided that Sublandlord may designate the contractors who will perform work on the Building's electrical, HVAC or life-safety systems). Sublandlord's consent shall not be unreasonably withheld with respect to proposed Subtenant Alterations that (a) comply with all applicable laws; (b) are compatible with the Building, its architecture and its mechanical, electrical, HVAC and life safety systems; (c) do not interfere with the use and occupancy of any other portion of the Building by any other occupant or their invitees; (d) do not affect the structural portions of the Building; (e) do not and shall not, whether alone or taken together with other improvements, require the construction of any other improvements or alterations within the Building; (f) do not reduce the value of the Subleased Premises or increase the cost to Sublandlord of reletting the Premises; and (g) do not affect the exterior appearance of the Building. Additionally, Sublandlord may require that Subtenant incorporate "Project-Standard" materials with respect to (i) ceiling tile, (ii) lighting, (iii) doors, frames and hardware and (iv) other similar finish components. In determining whether to consent to proposed Subtenant Alterations, Sublandlord shall have the right to review and approve plans and specifications for proposed Subtenant Alterations, construction means and methods, the identity of any contractor or subcontractor to be employed on the work for Subtenant Alterations, and the time for performance of such work. In connection with any proposed Subtenant Alterations, Subtenant will be solely responsible for providing any security required by Landlord pursuant to Section 7.A of the Original Master Lease. Additionally, if Sublandlord in good faith determines that Sublandlord proposes to construct Subtenant Alterations which would be materially more expensive to remove than the typical office improvements located in the Building, Sublandlord, in Sublandlord's discretion, may require as a condition to granting its consent to such proposed Subtenant Alterations that Subtenant increase the Security Deposit by an amount reasonably determined by Sublandlord to be sufficient to secure the performance of Subtenant's obligation to restore or remove such Subtenant

Alterations at the expiration or sooner termination of the Sublease (whether such restoration is required by Landlord or Sublandlord). Subtenant shall supply to Sublandlord any documents and information reasonably requested by Sublandlord in connection with any Subtenant Alterations. Sublandlord may hire outside consultants to review such documents and information and Subtenant shall reimburse Sublandlord for the cost thereof as well as Sublandlord's internal costs. All Subtenant Alterations permitted hereunder shall be made and performed by Subtenant without cost or expense to Sublandlord, except with respect to Sublandlord's funding of the Allowance, described below. Upon completion of any Subtenant Alterations, Subtenant shall provide Sublandlord, at Subtenant's expense, with a complete set of "as built" plans on Mylar and specifications reflecting the actual conditions of the Subtenant Alterations as constructed in the Subleased Premises, together with a copy of such plans on diskette in AutoCAD format or such other format as may then be in common use for computer assisted design purposes; additionally, Subtenant will provide Sublandlord with the items required under clauses (i) through (iii) of Section 7.A of the Original Master Lease for delivery to Landlord. Sublandlord shall have the right to promulgate commercially reasonable rules and regulations regarding the performance of Subtenant Alterations; Subtenant's initial guidelines for construction are attached hereto as **Exhibit F.** Sublandlord will not charge any construction management fee with respect to the performance of the Initial Subtenant Alterations (as opposed to any subsequent Subtenant Alterations) carried out prior to Subtenant's initial occupancy of the Subleased Premises; however, if and to the extent that Landlord imposes a construction management fee with respect to any Subtenant Alterations, or otherwise passes through review fees and costs, Subtenant will be responsible for paying such sums.

(b) Code-Required Work. If the performance of any Subtenant Alterations or other work by Subtenant within the Subleased Premises "triggers" a requirement for code-related upgrades to or improvements of any portion of the Building or Project, Subtenant shall be responsible for the cost of such code-required upgrade or improvements.

(c) Allowance. Sublandlord hereby grants to Subtenant an allowance of Three and No/100 Dollars ($3.00) per rentable square foot of the Subleased Premises (which, based upon 88,152 rentable square feet, equates to $264,456.00 (the "Allowance").

(1) The Allowance is to be used for:

(A) Payment of the cost of preparing space plans and construction drawings, including mechanical, electrical, plumbing and structural drawings.

(B) The payment of plan check, permit and license fees relating to construction of the Initial Subtenant Alterations.

(C) Construction of the Initial Subtenant Alterations, which must include a reception/conference area for the Subleased Premises.

(D) Costs associated with reconfiguring existing furniture.

(E) General moving costs.

(F) Costs associated with the installation of any phone systems or wiring.

(2) Disbursement. The Allowance shall be paid to Subtenant in its entirety, within thirty (30) days following request by Subtenant, which request must be accompanied by (i) evidence that the items described in Section 15.2(c)(1)(C) above have been completed and (ii) full and final waivers of lien from all contractors performing any portion of the Initial Subtenant Alterations.

(d) End of Term. Subtenant expressly acknowledges that Landlord or Sublandlord may require Subtenant to remove some or all Subtenant Alterations at the expiration or sooner termination of the Term; however, if Landlord requires the removal/restoration of Subtenant's proposed reception/conference area, Sublandlord agrees to be responsible for the restoration of such components, but only if (x) such area is no larger than 1,000 usable square feet on a single floor designated by Subtenant and (y) in Sublandlord's good faith determination, the cost of restoration of same would not materially exceed the cost of restoration of similar areas improved with "Project-standard" improvements. Subtenant will be responsible for the removal and/or restoration of any other Subtenant Alterations if required by Landlord or Sublandlord. Subtenant will also be responsible for the performance of the items of work required by clauses (i), (ii), (iii), (iv) and (v) (to the extent Tenant installs cabling that is in addition to the cabling that is already in place before Tenant takes possession of the Subleased Premises) of Section 6.B of the Original Master Lease, to the extent applicable to the Subleased Premises. Subtenant acknowledges that Landlord may notify Sublandlord following the scheduled expiration of this Sublease of Landlord's determination that certain alterations performed by Subtenant must be removed. Sublandlord agrees to attempt to procure Landlord's determination in this regard as soon as reasonably possible; however, the parties acknowledge that Subtenant's obligation to remove any Subtenant Alterations which Landlord requires the removal of (and the removal of which is not the express responsibility of Sublandlord pursuant to this Section 15.2(c) will survive the expiration or sooner termination of this Sublease. Notwithstanding the above, Subtenant will not be required to remove the reception/conference area for the Subleased Premises. Sublandlord also, at no cost to Sublandlord, will cooperate with Subtenant in requesting from Landlord an agreement that any or all of the remaining Initial Subtenant Alterations do not need to be removed at the end of the Term; however, the procurement of such an agreement is not a condition precedent to Subtenant's obligations hereunder and the failure to obtain such an agreement will not give rise to any claim or right on the part of Subtenant or any liability or obligation on the part of Sublandlord. Notwithstanding the foregoing, Subtenant in no event shall have the liability, or responsibility, for the removal or restoration of any alterations, improvements, or additions that are in the Subleased Premises as of the date of this Sublease.

16. Holding Over. If Subtenant holds over after the expiration or earlier termination of this Sublease with the express or implied consent of Sublandlord, such tenancy shall be from month-to-month only and shall not constitute a renewal hereof or an extension for any further term. Such month-to-month tenancy shall be subject to all the terms and provisions of this Sublease, except that Subtenant shall pay Base Rent and Additional Rent in an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the sum of the Base Rent and Additional Rent due for the period immediately preceding the

holdover. Nothing contained in this Section 16 shall be construed as consent by Sublandlord to any holding over by Subtenant, and Sublandlord expressly reserves the right to recover immediate possession of the Subleased Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Sublandlord is unable to deliver possession of the Subleased Premises to a new subtenant or to Landlord, as the case may be, or to perform improvements for a new subtenant, as a result of Subtenant's holdover, Subtenant shall be liable to Sublandlord for all damages, including, without limitation, consequential damages, that Sublandlord suffers from the holdover; Subtenant expressly acknowledges that such damages may include all of the holdover rent charged by Landlord under the Master Lease as a result of Subtenant's holdover, which Master Lease holdover rent may apply to the entire Master Lease Premises. Notwithstanding any other term or provision of this Sublease, if the Term expires on the Expiration Date (as opposed to an early termination for any reason), Subtenant shall be entitled to hold over, without any payment of Base Rent and Additional Rent, solely for the purpose of performing any repair/restoration obligations of Subtenant under this Sublease, so long as (x) Subtenant's work of repair/restoration does not interfere with Sublandlord's restoration work, if any, which is concurrently being performed in the Building and (y) in no event will Subtenant have any right to remain in the Subleased Premises for any reason whatsoever following the date which precedes the date of expiration of the term of the Master Lease.

17. Parking. During the Term Subtenant shall be permitted to use three hundred thirty-three (333) (i.e., 3.78 spaces per 1,000 rentable square feet in the Subleased Premises) of the parking spaces allocated to Sublandlord in the Master Lease. One (1) reserved parking space located in the underground parking lot directly beneath the Subleased Premises for each full floor occupied by Subtenant shall be allocated to Subtenant from the amount described above. Sublandlord reserves the right in the future to designate additional reserved parking spaces at Sublandlord's sole discretion.

18. Notices: Any notice by either party to the other required, permitted or provided for herein shall be valid only if in writing and shall be deemed to be duly given only if (a) delivered personally, or (b) sent by means of Federal Express, UPS Next Day Air or another reputable express mail delivery service guaranteeing next business day delivery, or (c) sent by United States certified or registered mail, return receipt requested, addressed: (i) if to Sublandlord, at the following addresses:

Oracle USA, Inc.
c/o Oracle Corporation
1001 Sunset Boulevard
Rocklin, California 95765
Attn: Lease Administration

with a copy to:

Oracle USA, Inc.
c/o Oracle Corporation
500 Oracle Parkway
Box 5OP7
Redwood Shores, California 94065
Attn: Legal Department

and (ii) if to Subtenant, at the following address:

Prior to Commencement Date:

2121 South El Camino Real
Sixth Floor
San Mateo, CA 94403
Attn: _____

Following Commencement Date:

At the Subleased Premises
Attn: _____

or at such other address for either party as that party may designate by notice to the other. A notice shall be deemed given and effective, if delivered personally, upon hand delivery thereof (unless such delivery takes place after hours or on a holiday or weekend, in which event the notice shall be deemed given on the next succeeding business day), if sent via overnight courier, on the business day next succeeding delivery to the courier, and if mailed by United States certified or registered mail, three (3) business days following such mailing in accordance with this Section.

19. Furniture. During the Term, at no charge to Subtenant, Subtenant shall be permitted to use the existing modular and office furniture and cabling located in the Subleased Premises and described in more particular detail in **Exhibit C** attached hereto (the "Furniture"). Subtenant shall accept the Furniture in its current condition without any warranty of fitness from Sublandlord (Subtenant expressly acknowledges that no warranty is made by Sublandlord with respect to the condition of any cabling currently located in or serving the Subleased Premises); for purposes of documenting the current condition of the Furniture, Subtenant and Sublandlord shall, prior to the Commencement Date, conduct a joint walk-through of the Subleased Premises in order to inventory items of damage or disrepair in the Furniture. Subtenant shall use the Furniture only for the purposes for which such Furniture is intended and shall be responsible for the proper maintenance, care and repair of the Furniture, at Subtenant's sole cost and expense; and, if an applicable warranty for a particular piece of furniture is in effect, Subtenant shall use maintenance contractors specified by Sublandlord for said item. No item of Furniture shall be removed from the Subleased Premises without Sublandlord's prior written consent. On or about the date of expiration of the Term, the parties shall once again conduct a walk-through of the Subleased Premises to catalog any items of damage, disrepair, misuse or loss among the

Furniture (reasonable wear and tear excepted), and Subtenant shall be responsible, at Subtenant's sole cost and expense, for curing any such items (including, with respect to loss, replacing any lost item with a substantially similar new item reasonably acceptable to Sublandlord). Any work of modifying any Furniture (including, without limitation, changing the configuration of, "breaking down" or reassembly of cubicles or other modular furniture) shall be performed at Subtenant's sole cost using Sublandlord's specified vendors or an alternate vendor approved in writing by Sublandlord (such approval to be granted or withheld in Sublandlord's reasonable and good faith discretion, based upon Sublandlord's assessment of factors which include, without limitation, whether the performance by such vendor will void applicable warranties for such furniture and whether such vendor is sufficiently experienced in the design of such furniture). Notwithstanding the foregoing, Sublandlord will remove, at its own cost, any Furniture from the Subleased Premises requested by Subtenant prior to the Commencement Date or prior to a mutually agreed upon date, provided that Subtenant delivers to Sublandlord notice specifying the items to be removed at least ten (10) days prior to the Commencement Date or mutually agreed upon date. Following such removal, any such items so removed will no longer be deemed to be included with the definition of "Furniture" and, at Landlord's option, the parties will jointly execute a revised **Exhibit C** reflecting the revised Furniture Inventory.

20. Access System. Subtenant acknowledges that Sublandlord currently has an access system monitoring access to the Project and the Building. Subtenant acknowledges that there are card readers installed throughout the Building and Project which are part of Sublandlord's access system. Subtenant will not interfere with, adjust or damage any such card readers. To the fullest extent permitted under applicable law, Subtenant hereby acknowledges that, except for making the card key reader system available for Subtenant's use and except for servicing and maintaining the system, Sublandlord shall not be responsible for providing access or security services to Subtenant, and that Subtenant shall be solely responsible for providing its own security service, if any. Sublandlord shall provide Subtenant with card keys (one (1) key for each workstation in the Subleased Premises) at no initial cost to Subtenant; Sublandlord may, however, charge Subtenant for lost or replacement card keys. In addition, if a separate card key is required, Sublandlord shall provide Subtenant with a reasonable number of card keys for access to the vestibules for the freight elevator.

21. Signage.

21.1 Monument Sign. Subject to the prior written consent of Landlord and the procurement of any approvals or permits required by City, Subtenant will be entitled to an equitable allocation of space on shared monument signage, if any, serving the Building (a "Monument Sign") for the purpose of displaying Subtenant's name (using Project-standard lettering) only. Subtenant acknowledges that no such Monument Sign exists as of the date of this Sublease nor does this Section 21 obligate Sublandlord to install any Monument Sign. Further, the location of Subtenant's tradename on the Monument Sign shall be subject to availability at the time Subtenant elects to install same on any such monument and Sublandlord shall not be required to reserve any particular location or band on the Monument Sign for Subtenant's use. Any signage of Subtenant installed on the Monument Sign is referred to herein as "Subtenant's Monument Signage". Any such signage will be installed at Subtenant's sole cost and expense by contractors designated by Sublandlord. The graphics, materials, color, design, lettering, lighting, size, specifications, location and manner of affixing the Subtenant's

Monument Signage shall be subject to Sublandlord's prior approval, which shall not be unreasonably withheld, and will be further subject to compliance with all laws, ordinances, restrictions of record and easements affecting same (collectively, "Sign Laws"). Sublandlord's approval of Subtenant's Monument Signage shall not constitute a representation by Sublandlord that Subtenant's Monument Signage complies with any applicable Sign Laws. Any such signage will be removed by Subtenant at Subtenant's expense at the earlier to occur of (a) the Expiration Date and (b) the date upon which the signage rights granted herein are terminated.

21.2 Additional Signage. In addition to the Monument Signage, Subtenant shall be entitled, at Subtenant's cost, to install (a) Project-standard signage identifying Subtenant in the main lobby of the Building and (b) subject to the prior written approval of Sublandlord and Landlord with respect to graphics, materials, color, design, lettering, lighting, size, specifications, location and manner of installation and the procurement, at Subtenant's sole cost and expense, of all required governmental approvals and permits therefor, a single exterior Building sign; provided that Subtenant will have the same removal/restoration obligations with respect to such signage as Subtenant has with respect to Subtenant's Monument Signage.

21.3 Termination of Signage Rights. Subtenant's rights to Subtenant's Monument Signage shall expire and terminate upon the earlier to occur of (i) the termination of this Sublease or Subtenant's right to possession of the Subleased Premises; (ii) the occurrence of a default by Subtenant hereunder (i.e., beyond the giving of any applicable notice and the passage of any applicable grace periods); (iii) the transfer by Subtenant of all or part of its interest in this Sublease or the Subleased Premises other than pursuant to an assignment meeting the requirements of Section 17.E of the Original Master Lease, as amended for the purpose of incorporation herein by Section 8(c) above. In addition, Subtenant's rights with respect to Subtenant's Monument Signage will terminate if Subtenant does not install Subtenant's Monument Signage prior to the 1st anniversary of the later to occur of (a) the Commencement Date, and (b) the date Sublandlord first installs the Monument Sign and notifies Subtenant of its availability. Upon termination of such rights (and in any event upon termination of this Sublease), Subtenant shall, at Sublandlord's option, either immediately remove Subtenant's Monument Signage (if installed) and repair all damage caused thereby, at Subtenant's sole cost and expense or to promptly deliver to Sublandlord the funds estimated by Sublandlord to equal the cost to Sublandlord of performing such removal or repair work. Subtenant's obligations hereunder shall survive the termination of this Sublease.

21.4 Personal Rights. The rights granted pursuant to this Section 21 are personal to Guidewire Software, Inc., and may not be transferred or assigned to any other individual or entity (other than an assignee of Subtenant's interest in this Sublease qualifying pursuant to the revisions of Section 17.E of the Original Master Lease, as amended for the purpose of incorporation herein by the provisions of Section 8.5(c) above).

22. Telecom Riser Rooms. Each floor of the Building has a separate room (each, a "Telecom Riser Room") which was used by the prior occupant of the Building to connect with the main telecommunications distribution frame ("MDF") serving the Building and the Project; the Telecom Riser Rooms serve as the central point of distribution for telecommunications fiber for all floors in the Building. As of the date of this Sublease, the Telecom Riser Rooms serving the Subleased Premises shall remain locked unless otherwise

determined by Sublandlord, but considered common space accessible to Sublandlord and, upon prior coordination of such access with, and subject to supervision by, Sublandlord or the property manager for the Project, other Building occupants (including Subtenant). Other Building occupants who wish to use the telecom riser fiber in the Building may require access to all other Telecom Riser Rooms (including Telecom Riser rooms on floors below the floors on which their separate subleased premises are located) through which their fiber passes. Subtenant may elect to use the Telecom Riser Rooms serving the Subleased Premises for connecting to the MDF, however, Subtenant may not interfere with any pre-existing Building fiber installed in or connected to any Telecom Riser Room nor may Subtenant prevent Sublandlord (or any other Building occupants) from accessing the Telecom Riser Rooms serving the Subleased Premises; however, Subtenant will have the right to supervise the performance of any other occupants' work in the Telecom Riser Rooms on the floor(s) where the Subleased Premises are located (and, similarly, if Subtenant wishes to have access to the Telecom Riser Rooms on any floor in the Building where the Subleased Premises is not located, Subtenant may be subject to the supervision of the occupant(s) of such floor during the performance of any such work). All work performed by or on behalf of Subtenant in any Telecom Riser Room will be performed in strict compliance with such guidelines as Sublandlord may, from time to time, promulgate. Alternatively, Subtenant may elect to relocate Subtenant's voice and data cabling to another location within the Subleased Premises at Subtenant's sole cost and expense. All vertical cabling to be installed by Subtenant shall be in such room in a location designated and approved by Sublandlord and Sublandlord may need future access to allow other Subtenants to core drill and pull additional fiber.

23. Project Renovations. It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Subleased Premises, Building, or any part thereof and that no representations respecting the condition of the Subleased Premises or the Building have been made by Sublandlord to Subtenant except as specifically set forth herein. However, Subtenant hereby acknowledges that Sublandlord is currently renovating or may during the Term renovate, improve, alter, or modify (collectively, the "Renovations") the Project, the Building and/or the Subleased Premises, including, but not limited to, installing a building directory in the main lobby of the Building and providing lobby furniture consistent with the main building lobby. Subtenant hereby agrees that such Renovations shall in no way constitute a constructive eviction of Subtenant nor, except as expressly set forth in Section 6.2 above, entitle Subtenant to any abatement of Rent. Sublandlord shall have no responsibility and shall not be liable to Subtenant for any injury to or interference with Subtenant's business arising from the Renovations, nor shall Subtenant be entitled to any compensation or damages from Sublandlord for loss of the use of the whole or any part of the Subleased Premises or of Subtenant's personal property or improvements resulting from the Renovations, or for any inconvenience or annoyance occasioned by such Renovations.

24. Brokers. Subtenant represents that it has dealt directly with and only with NAI BT Commercial ("BT") and Cornish & Carey ("C&C") (collectively, "Subtenant's Broker"), as a broker in connection with this Sublease. Sublandlord represents that it has dealt directly with and only with Colliers International ("Sublandlord's Broker"), as a broker in connection with this Sublease. Sublandlord and Subtenant shall indemnify and hold each other harmless from all claims of any brokers other than Subtenant's Broker and Sublandlord's Broker

claiming to have represented Sublandlord or Subtenant in connection with this Sublease. Subtenant and Sublandlord agree that Subtenant's Broker and Sublandlord's Broker shall be paid commissions by Sublandlord in connection with this Sublease pursuant to a separate agreement; however, Sublandlord will pay any commission due Subtenant's Broker to BT, who will be responsible for delivering to C&C any portion of such commission payable to C&C, and Sublandlord will have no obligation to compensate C&C directly. Subtenant expressly agrees that Subtenant will indemnify, defend, protect and hold Sublandlord harmless from and against any and all loss, cost, damage or liability arising in any manner out of a claim by C&C for any commission payment payable hereunder, provided that Sublandlord (or Sublandlord's Broker) has delivered to BT the aggregate commission payable to Subtenant's Broker.

25. Complete Agreement. There are no representations, warranties, agreements, arrangements or understandings, oral or written, between the parties or their representatives relating to the subject matter of this Sublease which are not fully expressed in this Sublease. This Sublease cannot be changed or terminated nor may any of its provisions be waived orally or in any manner other than by a written agreement executed by both parties.

26. USA Patriot Act Disclosures. Subtenant is currently in compliance with and shall at all times during the Term remain in compliance with the regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

27. Interpretation. Irrespective of the place of execution or performance, this Sublease shall be governed by and construed in accordance with the laws of the State of California. If any provision of this Sublease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Sublease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease or any part thereof to be drafted. If any words or phrases in this Sublease shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Sublease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Sublease and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. Each covenant, agreement, obligation or other provision of this Sublease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making same, not dependent on any other provision of this Sublease unless otherwise expressly provided. All terms and words used in this Sublease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The word "person" as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or entity.

28. Counterparts. This Sublease may be executed in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. This Sublease shall be fully executed when each party whose signature is required has signed and delivered to each of the parties at least one counterpart, even though no single counterpart contains the signatures of all parties hereto.

IN WITNESS WHEREOF, the parties hereto hereby execute this Sublease as of the day and year first above written.

SUBLANDLORD: ORACLE USA, INC.,
a Colorado corporation

By: /s/ Randall W. Smith
Print Name:
Title:

SUBTENANT: GUIDEWIRE SOFTWARE, INC.,
a Delaware corporation

By: /s/ James M. Dewey
Print Name: James M. Dewey
Title: CFO

EXHIBIT A-1

Second Floor Space

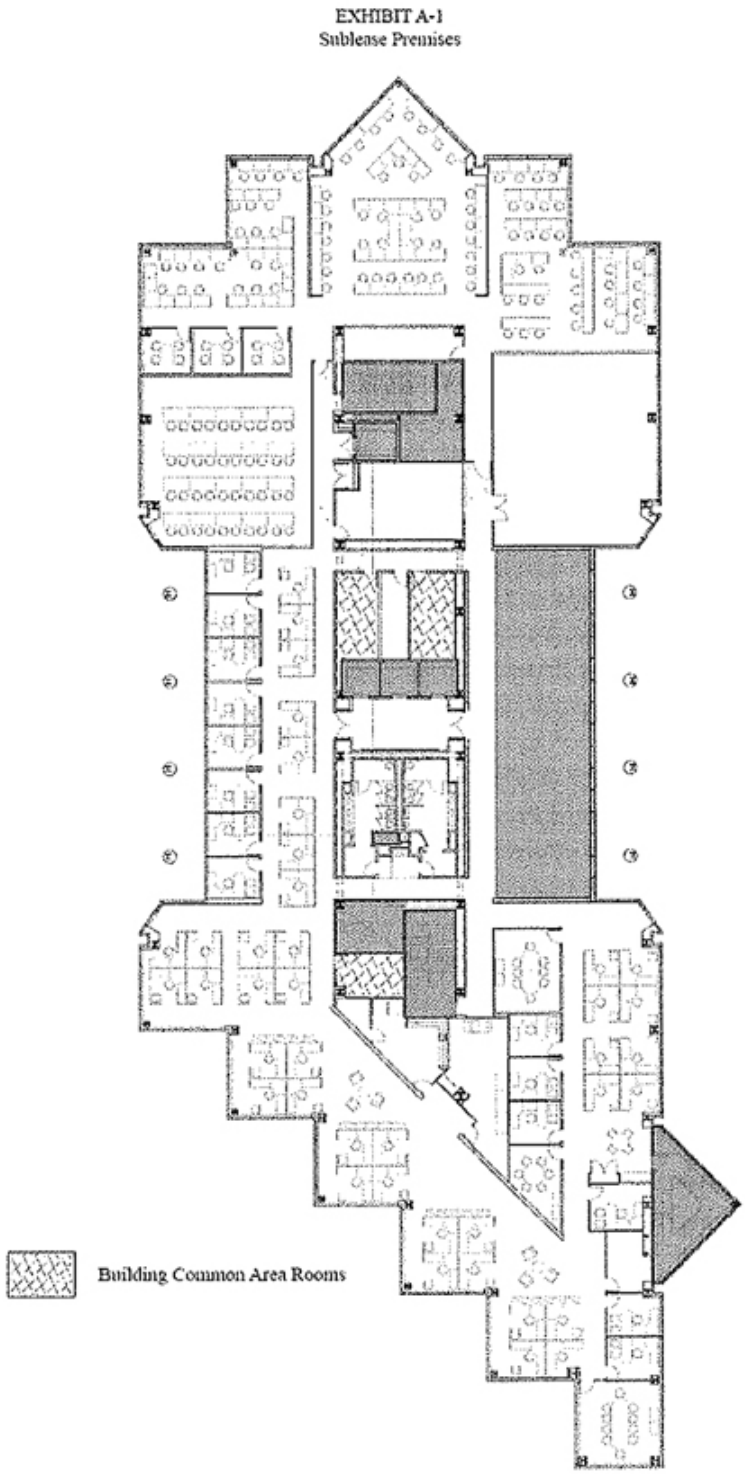


EXHIBIT A-2

Third Floor Space

EXHIBIT A-2
Sublease Premises

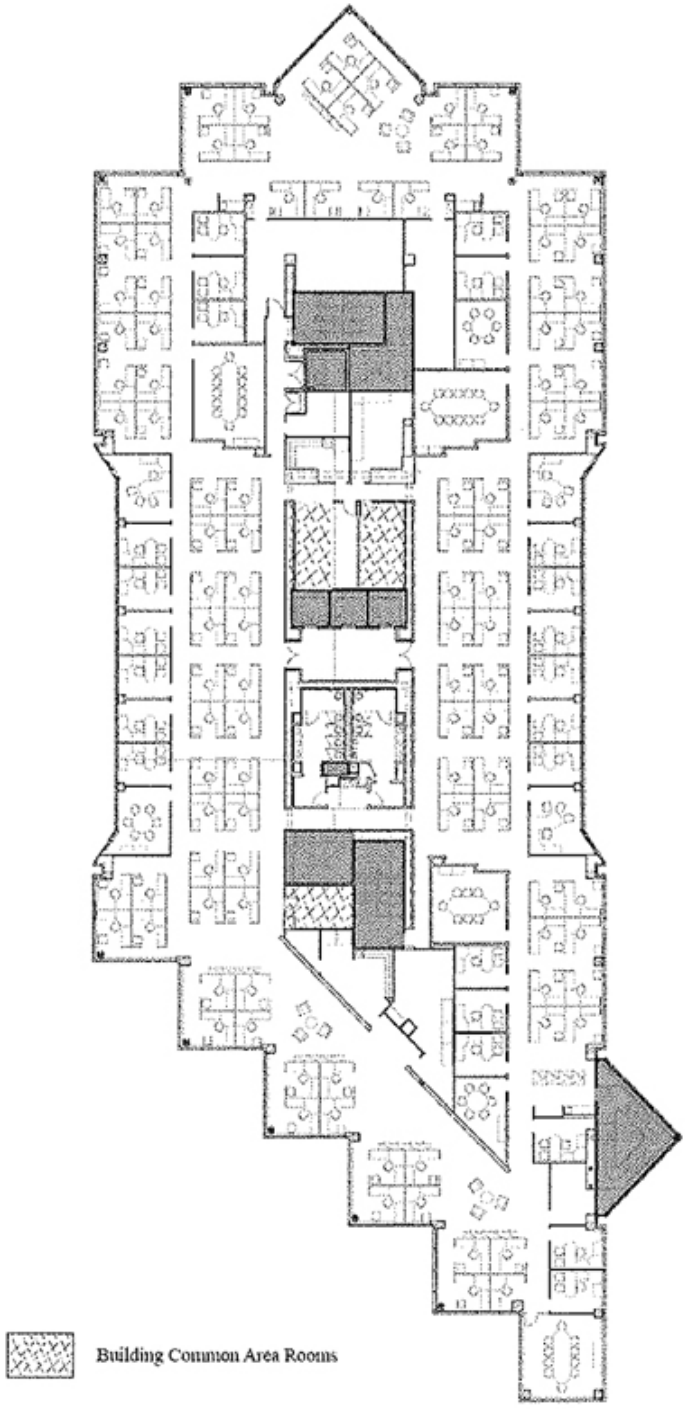


EXHIBIT A-3

Fourth Floor Space

EXHIBIT A-3
Sublease Premises

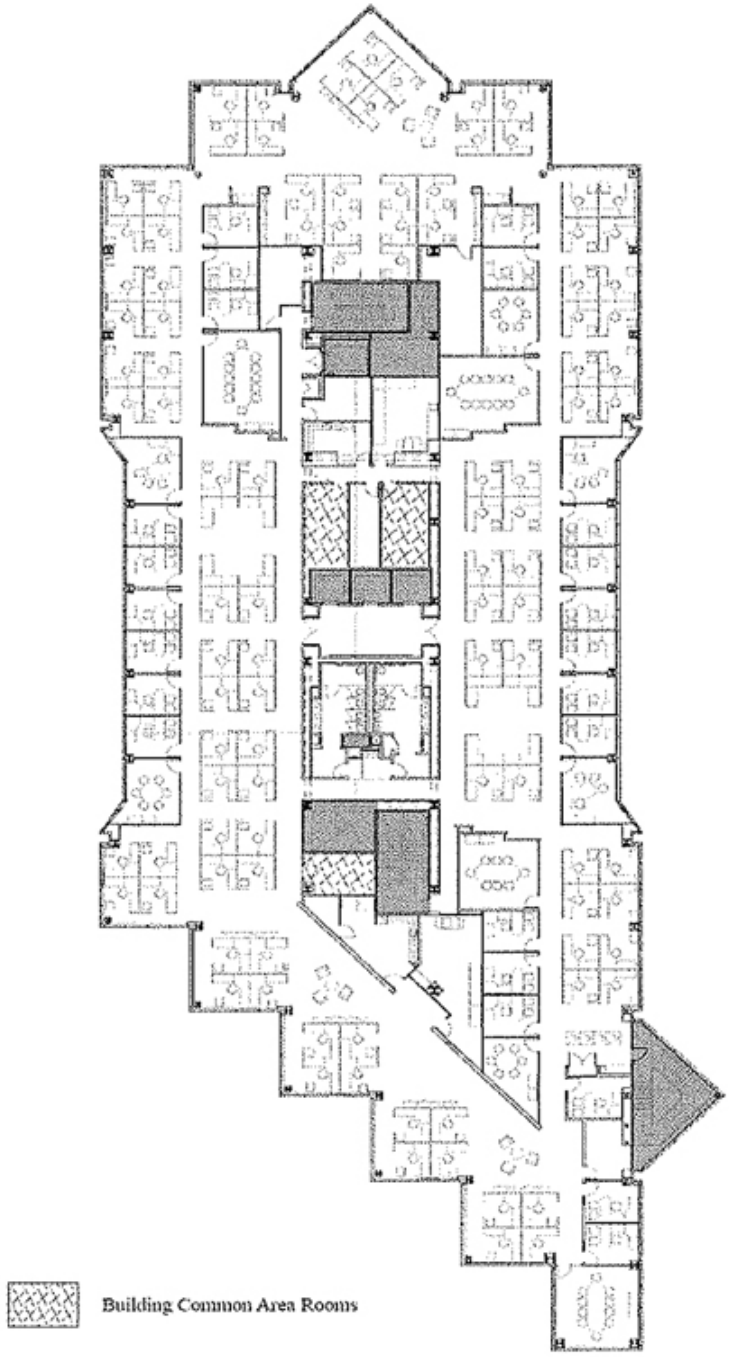


EXHIBIT B

Commencement Agreement

Date _____

Subtenant Guidewire Software, Inc.
Address _____
_____
_____

Re: Commencement Letter with respect to that certain Sublease dated as of the _____ day of _____, _____, by and between **ORACLE USA, INC., a Colorado corporation,** as Sublandlord, and **GUIDEWIRE SOFTWARE, INC., a Delaware corporation,** as Subtenant, for **88,152** rentable square feet on the second (2nd), third (3rd) and fourth (4) floors of the Building located at 2211 Bridgepointe Parkway, San Mateo, California.

Dear _____:

In accordance with the terms and conditions of the above referenced Sublease, Subtenant accepts possession of the Subleased Premises and agrees:

1. The Commencement Date is _____;
2. The Base Rent Schedule is as follows:
3. The Expiration Date is _____.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

_____
Authorized Signatory

Agreed and Accepted:

Sbtenant: GUIDEWIRE SOFTWARE, INC.

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C

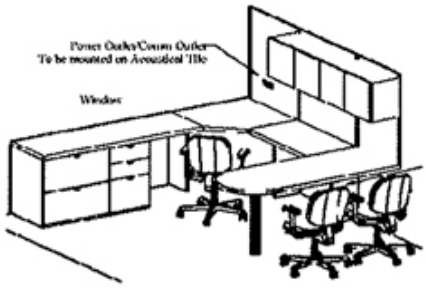
Furniture

Furniture Inventory
2211 Bridgepointe, Bldg 2, 2nd floor

Inventory & Definitions

(17) Standard Private Offices – Kimball Cetra/Footprint Furniture will contain:

(1) P-top worksurface, corner worksurface and (2) straight worksurface; (3) chairs and (1) short bookcase.



(42) Cubes - Standard Kimball Cetra/Footprint (8’ x 8’) Furniture will contain:

(2) 48” work surfaces – laminate; (1) Corner work surface – laminate; (2) wood file pedestals; (2) chairs; (1) overhead storage with built in desk light.

(1) Large Classroom

- q (94) Kimball classroom style low panel workstations
- q (20) training tables
- q (114) chairs

(2) Large Conference Rooms

- q Each conference room has (1) oval table, (10) office task chairs

(1) Small Conference Room

- q Conference room has round table, (6) office task chairs

(2) Lounge Areas

- q Each lounge area has (3) club chairs and (1) occasional table

(2) Mail/Copy Rooms

- r (3) blue Hamilton tables, (1) blue mail sorter

Miscellaneous:

- q (14) Lateral file cabinets
- q (11) Wooden lateral cabinets
- q (3) free standing wooden lockers

Furniture Notes:

1. Number of lateral filing cabinets is an estimated number only. The actual number may be either higher or lower and neither party shall have any recourse or liability for such variance.

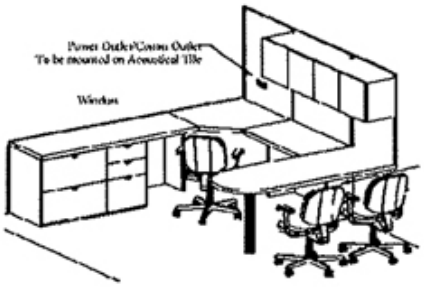
2. All furniture is “as is”. Drawers may or may not include keys for all drawers.

Exhibit C
Furniture Inventory
2211 Bridgepointe, Bldg 2, 3rd floor

Inventory & Definitions

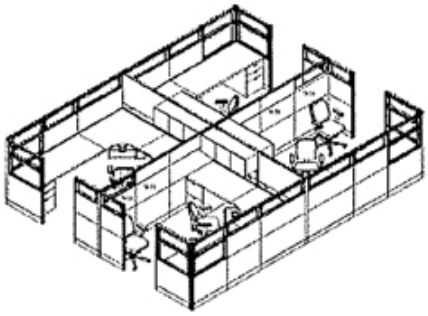
(26) Standard Private Offices – Kimball Cetra/Footprint Furniture will contain:

(1) P-top worksurface, corner worksurface and (2) straight worksurface; (3) chairs and (1) short bookcase.



(107) Cubes - Standard Kimball Cetra/Footprint (8’ x 8’) Furniture will contain:

(2) 48” work surfaces – laminate; (1) Corner work surface – laminate; (2) wood file pedestals; (2) chairs; (1) overhead storage with built in desk light.



(2) Extra Large Conference Rooms

- Each conference room has (1) oval table, (12) office task chairs

(1) Large Conference Room

- Conference room has oval table, (10) office task chairs

(1) Medium Conference Room

- Conference room has oval table, (8) office task chairs

(2) Small Conference Rooms

- q Each conference room has (1) round table, (6) office task chairs

(2) Lounge Areas

- q Each lounge area has (3) club chairs and (1) occasional table

(2) Mail/Copy Rooms

- q (4) blue Hamilton tables, (2) blue mail sorters

Miscellaneous:

- q (21) Lateral file cabinets
- q (2) Wooden credenzas
- q (2) Wooden lockers
- q (3) Free standing wooden lockers

Furniture Notes:

1. Number of lateral filing cabinets is an estimated number only. The actual number may be either higher or lower and neither party shall have any recourse or liability for such variance.

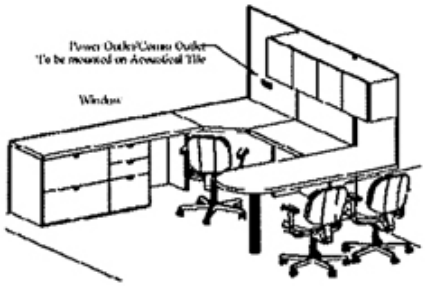
2. All furniture is “as is”. Drawers may or may not include keys for all drawers.

Exhibit C
Furniture Inventory
2211 Bridgepointe, Bldg 2, 4th floor

Inventory & Definitions

(26) Standard Private Offices – Kimball Cetra/Footprint Furniture will contain:

(1) P-top worksurface, corner worksurface and (2) straight worksurface; (3) chairs and (1) short bookcase.



(116) Cubes - Standard Kimball Cetra/Footprint (8’ x 8’) Furniture will contain:

(2) 48” work surfaces – laminate; (1) Corner work surface – laminate; (2) wood file pedestals; (2) chairs; (1) overhead storage with built in desk light.

(2) Extra Large Conference Rooms

- Each conference room has (1) oval table, (12) office task chairs

(1) Large Conference Room

- Conference room has oval table, (10) office task chairs

(1) Medium Conference Room

- Conference room has oval table, (8) office task chairs

(2) Small Conference Rooms

- q Each conference room has (1) round table, (6) office task chairs

(2) Lounge Areas

- q Each lounge area has (3) club chairs and (1) occasional table

(2) Mail/Copy Rooms

- q (6) blue Hamilton tables, (2) blue mail sorters

Miscellaneous:

- q (34) Lateral file cabinets
- q (2) Wooden credenzas
- q (2) Wooden lockers
- q (3) Free standing wooden lockers

Furniture Notes:

1. Number of lateral filing cabinets is an estimated number only. The actual number may be either higher or lower and neither party shall have any recourse or liability for such variance.

2. All furniture is “as is”. Drawers may or may not include keys for all drawers.

EXHIBIT D

Form Letter of Credit

ISSUING BANK
ADDRESS OF ISSUING BANK

DATE: _____

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: _____

BENEFICIARY:
_____
_____

APPLICANT:
_____
_____

AMOUNT: USD $_____

EXPIRATION: _____ AT OUR COUNTERS

WE HEREBY ESTABLISH IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____ WHICH IS AVAILABLE WITH [ISSUING BANK] BY PAYMENT AGAINST PRESENTATION OF THE ORIGINAL OF THIS LETTER OF CREDIT AND YOUR DRAFTS AT SIGHT DRAWN ON [ISSUING BANK] AT THE ADDRESS ABOVE, ACCOMPANIED BY THE DOCUMENTS DETAILED BELOW:

A LETTER SIGNED BY A PURPORTED AUTHORIZED REPRESENTATIVE OF THE BENEFICIARY STATING THAT BENEFICIARY IS ENTITLED TO DRAW ON THIS LETTER OF CREDIT PURSUANT TO THAT SUBLEASE AGREEMENT BETWEEN _____ AND _____, AS IT MAY BE AMENDED.

THIS LETTER OF CREDIT CANNOT BE MODIFIED OR REVOKED WITHOUT YOUR WRITTEN CONSENT OF BENEFICIARY.

SPECIAL CONDITIONS:

THIS LETTER OF CREDIT SHALL AUTOMATICALLY RENEW WITHOUT AMENDMENT FOR AN ADDITIONAL ONE YEAR PERIOD FROM THE CURRENT OR FOR ANY FUTURE EXPIRATION DATE, UNLESS WE SHALL NOTIFY YOU IN WRITING BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED OR OVERNIGHT COURIER AT LEAST 60 DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE THAT THIS LETTER OF CREDIT WILL NOT BE RENEWED. FOLLOWING SUCH NOTIFICATION AND PRIOR TO THE EXPIRATION OF THIS LETTER OF CREDIT, YOU MAY DRAW UPON THIS LETTER OF CREDIT BY PRESENTATION OF THE SIGHT DRAFT(S) MENTIONED ABOVE, ACCOMPANIED BY A LETTER SIGNED BY A PURPORTED AUTHORIZED REPRESENTATIVE OF BENEFICIARY STATING THAT

BENEFICIARY HAS NOT BEEN PRESENTED WITH A SUBSTITUTE LETTER OF CREDIT IN THE SAME PRINCIPAL AMOUNT, AND ON THE SAME TERMS AS THIS LETTER OF CREDIT FROM AN ISSUER REASONABLY SATISFACTORY TO YOU.

THIS LETTER OF CREDIT IS TRANSFERABLE AND MAY BE TRANSFERRED ONE OR MORE TIMES BY THE NAMED BENEFICIARY HEREUNDER OR BY ANY TRANSFEREE HEREUNDER TO A SUCCESSOR TRANSFEREE. TRANSFER OF THIS LETTER OF CREDIT IS SUBJECT TO OUR RECEIPT OF BENEFICIARY'S INSTRUCTIONS IN THE FORM ATTACHED AS EXHIBIT A, ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

PARTIAL DRAWS ARE ALLOWED UNDER THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 AND ENGAGES US PURSUANT TO THE TERMS THEREIN.

[ISSUING BANK]

AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

EXHIBIT E

Rules and Regulations

1. Sidewalks, doorways, halls, stairways, vestibules and other similar areas shall not be obstructed by any tenant or used by them for purpose other than ingress to and egress from their respective Premises, and for going from one part of the Building to another part.

2. Plumbing fixtures shall be used only for their designated purpose, and no foreign substances of any kind shall be deposited therein. Damage to any such fixture resulting from misuse by Subtenant or any employee or invitee of Subtenant shall be repaired at the expense of Subtenant.

3. Nails, screws and other attachments to the Building require prior written consent from Sublandlord.

4. All contractors and technicians rendering any installation service to Subtenant shall be subject to Sublandlord's approval and supervision prior to performing services. This applies to all work performed in the Building, including, but not limited to, installation of telecommunications equipment, and electrical devices, as well as all installation affecting floors, walls, woodwork, windows, ceilings, and any other physical portion of the Building.

5. Movement in or out of the Building of furniture, office equipment, or other bulky material which requires the use of elevators, stairways, or Building entrance and lobby shall be restricted to hours established by Sublandlord. All such movement shall be under Sublandlord's supervision, and the use of an elevator for such movements shall be made restricted to the Building's freight elevators, or an elevator for such movements shall be made restricted to the Building's freight elevators. Prearrangements with Sublandlord shall be made regarding the time, method, and routing of such movement, and Subtenant shall assume all risks of damage and pay the cost of repairing or providing compensation for damage to the Building, to articles moved and injury to persons or public resulting from such moves. Sublandlord shall not be liable for any acts or damages resulting from any such activity.

6. Corridor doors, when not is use, shall be kept closed.

7. Subtenant shall cooperate with Sublandlord in maintaining the Subleased Premises. Except as expressly set forth in the Sublease, Subtenant shall not employ any person for the purpose of cleaning the Subleased Premises other than the Building's cleaning and maintenance personnel.

8. Deliveries of water, soft drinks, newspapers, or other such items to any Premises shall be restricted to hours established by Sublandlord and made by use of the freight elevators if Sublandlord so directs.

9. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways. No birds, fish, or animals of any kind shall be brought into or kept in, on or about the Subleased Premises.

10. No cooking shall be done in the Subleased Premises except in connection with convenience lunch room or beverage service for employees and guests (on a noncommercial basis) in a manner which complies with all of the provisions of the Sublease and which does not produce fumes or odors.

11. Food, soft drink or other vending machines shall not be placed within the Subleased Premises without Sublandlord's prior written consent.

12. Subtenant shall not use or keep on its Subleased Premises any kerosene, gasoline, or inflammable or combustible fluid or material other than limited quantities reasonably necessary for the operation and maintenance of office equipment.

13. Subtenant shall not tamper with or attempt to adjust temperature control thermostats in the Subleased Premises. Sublandlord shall make adjustments in thermostats on call from Subtenant.

14. Subtenant shall comply with all requirements necessary for the security of the Building, including the use of service passes issued by Sublandlord for after hours movement of office equipment/packages, and signing security register in Building lobby after hours.

15. Upon termination of this Lease, Subtenant shall surrender to Sublandlord all keys and access cards to the Subleased Premises, and give to Sublandlord the combination of all locks for safes and vault doors, if any, in the Subleased Premises.

16. Sublandlord retains the right, without notice or liability to any occupant, to change the name and street address of the Building.

17. Canvassing, peddling, soliciting, and distribution of handbills in the Building are prohibited and each tenant shall cooperate to prevent these activities.

18. Subtenant shall take reasonable steps to prevent the unnecessary generation of refuse (e.g., choosing and using products, packaging, or other materials in business that minimize solid waste or that are durable, reusable, or recyclable). Subtenant shall provide or obtain recycling containers in its business for use by employees and customers, shall recycle acceptable materials in the recycling containers provided by Sublandlord, and shall otherwise participate in the recycling program established by Sublandlord for the Building. Acceptable recyclable materials may include, but are not limited to, the following: newspaper, cardboard, paperboard, office paper and other mixed paper, aluminum, tin and other metal, glass, and #1 (PETE) and #2 (HDPE) plastics.

19. Subtenant shall not and shall cause its employees, agents, contractors, invitees, customers and visitors not to smoke in the Subleased Premises or in any portion of the Building, except those areas, if any, expressly designated as smoking areas by Sublandlord. Persons may smoke cigarettes in designated areas only if the smoker uses designated receptacles for ashes and cigarette butts and does not annoy any nonsmoking persons using the area or interfere with access to the Building.

20. Sublandlord reserves the right to rescind or modify any of these rules and regulations and to make future rules and regulations required for the safety, protection, and maintenance of the Building, the operation and preservation of good order thereof, and the protection and comfort of the tenants and their employees and visitors. Such rules and regulations, when made and written notice given the Subtenant, shall be binding as if originally included herein.

EXHIBIT F

Construction Guidelines for Contracted Services

The following outlines the regulations and requirements, which will be required of contracted service personnel working at or in the Building. No deviation or exception will be permitted without the express written approval of Sublandlord or its property manager.

1. All contractors to perform work at the Project must be reasonably approved by Sublandlord prior to the commencement of any construction.

2. Prior to any entry onto the Building, Subtenant or any contractors, as applicable, shall have provided to Sublandlord certificates of insurance, in form and amount satisfactory to Sublandlord, evidencing the following insurance coverages:

a. Worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are reasonably required by Sublandlord.

b. Subtenant shall carry "Builder's All Risk" insurance in an amount approved by Sublandlord or Landlord covering the construction of the work in question, and such other insurance as Sublandlord or Landlord may reasonably require. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Sublandlord or Landlord.

All such policies of insurance must contain a provision that the company writing said policy will give Sublandlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. All policies shall insure Landlord, Sublandlord and Subtenant, as their interests may appear, as well as Subtenant's contractors, and shall name as additional insureds Sublandlord's property manager. All insurance, except Workers' Compensation, maintained by Subtenant's contractors shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder.

c. Sublandlord must be named on all warranties and guaranties for all products being guarantied or warranted by any contractor, sub-contractor, and/or manufacturing supplier.

3. All workers must be properly, permanently and visually identified. The identification system must be approved prior to the start of any work and may take the form of badges for attachment to clothing. All companies will maintain an updated list of authorized workers with building management and notify management of each change.

4. All workers shall maintain their actions while in the Building in a professional manner to include but not limited to the following:

a. No abusive language.

b. No smoking, eating or drinking except in areas designated by the Building manager.

c. No use of radios.

5. Offenses that will result in immediate request for discharge include, but are not limited to the following:

a. Drinking alcoholic beverages on the job, or coming to work in an intoxicated condition.

b. Possession or consuming drugs or any other illegal substances while at the property.

c. Using or removing Building manager's, tenant's or subcontractor's possessions from the property without prior authorization.

d. Violating any state or federal statutes while working at the Building.

e. Possessing firearms or explosives while working at the Building.

f. Using property facilities for jobs other than specific work assignments.

g. Accepting commissions, fees or kickbacks from any vendors, tenants or contractors involved in providing a service or product to the Building.

h. Physically abusing or harming any individual who works at or visits the Building.

i. Duplicating any keys used in the Building.

j. Providing Building access at anytime to anyone not authorized by Building manager.

6. Contractor and contractor employee parking shall be only in areas reasonably designated by Sublandlord. The loading dock will not be used for parking. Oversized vehicles will use street parking as far as possible from public entries and operating retail facilities.

7. All construction staging storage and temporary contractor facilities will be located in specific areas assigned by the Building management. Contractors will be responsible for the maintenance, housekeeping and demolition of all temporary facilities.

8. The entrances lobbies passages corridors elevators stairways and other common areas will not be obstructed by any of the contractors agents during construction.

9. No storage of flammable substances will be allowed or stored in the Building unless approved by Building management and in accordance with approved building codes and regulations.

10. Any work that would cause an inconvenience (in Sublandlord's reasonable discretion) to other occupants in the Building or any work in an occupied lease space must be done after Building Hours or on the weekend. Any structural modifications or floor penetrations created with the use of core drilling machines pneumatic hammers etc. must be performed between the hours of 1 p.m. to 6:00 p.m. on Saturdays and 11:00 a.m. to 6:00 p.m. on Sundays or as otherwise permitted by law and the Building rules and regulations. Likewise any construction techniques causing excessive noise or vapors will be conducted only during these hours.

11. Prior to starting the work the general mechanical and electrical contractors will check in and go over the job with the chief Building engineer and will furnish to such building engineer mechanical and electrical shop drawings. All panels and transformers are to match the "Building Standard" systems and all materials and methods used to connect panels and transformers must be approved by Sublandlord. In connection therewith:

a. The Building is fed with Cutler Hammer Bus duct, any time a new 480 volt panel is added, Contractor must add a Cutler Hammer Bus duct disconnect;

b. The existing transformers serving the Building are Cutler Hammer; all transformers need to be copper and K13 rated;

c. The existing panels are Cutler Hammer. Any 120/208 and 277/480 volt panels need to be copper bus, bolt on breakers and 65K A/C rated. It is critical that any breakers installed in the panels at 65K rated; and

d. The fire alarm system is an Edwards addressable fire alarm panel; any contractor who performs who affecting this system must e approved in advance by Sublandlord. **[SUBJECT TO FURTHER CONFIRMATION BY SUBTENANT'S PROJECT MANAGER]**

12. Dust and air contamination are to be controlled with temporary partitions which are sealed adequately to prevent dust from entering leased areas or mechanical equipment. Floor sweep or a comparable material will be used when sweeping concrete or tile floors. If air conditioning is provided to construction space, air handler filters will be replaced at the completion of work at contractors' expense.

13. Contractors are prohibited from staining, painting (except wall painting), or lacquering during the working hours of 8:00 a.m. - 6:00 p.m. Monday - Friday and 8:00 a.m. - 2:00 p.m. Saturday [(except wall painting)]. All such work must be stopped by 5:00 a.m. on mornings of normal business days. Contractor shall provide and maintain deodorizing and air purifier machines during all painting applications and for a minimum of six (6) hours after all operations have stopped.

14. There will be absolutely no use of Sublandlord's property to include, but not be limited to, telephones, dollies, vending machines, copiers, etc. unless specifically approved in writing by the tenant in advance of their use. Any unauthorized telephone charges will be billed back to the Contractor.

15. No supplies, trash, or storage of these will be allowed in the dock area at any time.

16. No doors will be propped open or held open to the degree that such will cause an alarm or jeopardize security. Contractors shall be responsible for charges resulting from such alarms and/or security violations.

17. The Building's manager, at its sole discretion, may require General Contractor to use masonite to cover the floors. All moving companies will be required to cover the floors with masonite prior to any items entering or exiting the Building.

18. All work areas are to be broom cleaned daily of trash, debris and non-useful materials. Failure to do so will result in Building management providing this service and charging the Subtenant or Subtenant's general contractor accordingly. The general contractor is responsible for providing trash receptacles. The Building compactor will not be used unless prior approval has been granted by Building management. Walk-off mats, plastic tarping and Masonite will be used to avoid unnecessary debris and buildup. If cleanup does not meet with Building management satisfaction, building personnel will clean the area and back-charge the responsible contractor.

19. Fire alarm speakers must be installed and connected to the Building's existing system throughout the Premises in compliance with applicable Fire Code requirements. Contractor shall coordinate all Fire Alarm and Fire Sprinkler system related work with Building security and Building engineering. No Fire Alarm or Fire Sprinkler system related work will be performed until proper steps have been taken to assure that false alarms will not sound, that adequate building protection will be maintained, and that the proper agencies have been notified of Fire Safety system downtime. Contractor will also coordinate with Building Security and Building Engineering for the proper restoration of Fire Alarm and Fire Sprinkler systems to normal operation once work is complete. Under no circumstances will Contractor leave the property until all Fire Alarm and Fire Sprinkler systems, which they have affected, have been restored to their normal operating conditions.

20. The General Contractor shall maintain all applicable federal, state and local rules and regulations for each Building as required.

21. Since each job is different in scope, it may be necessary that the contractors set up job meetings according to the job needs. Each contractor must set their own time interval between meetings, notify Building management of their scheduling, and once the intervals are set, maintain them on a regular basis. This will help to coordinate and control attendance.

22. Any contractor who anticipates work on the Building's life safety systems (sprinklers, smoke detectors, fire command speakers, fire alarms, etc.) will notify Building management 24 hours in advance prior to commencement of work.

23. All work to be performed after hours must be scheduled with Building management at least 24 hours in advance and must be accompanied by a security clearance request.

24. Bobtails, semi-trailers, etc. are authorized to be parked in the loading dock only for the time necessary to unload equipment and material. Unless prior approval is obtained from Building management vehicles left at the loading dock will be towed at owner's expense. No contractors or their employees are authorized to park in visitors parking or in any fire lanes at any time.

25. Material deliveries must be scheduled through Building management. Freight elevators will be the only elevators used by contractor or agents. When the freight elevator is used to move materials, contractors will required to release the elevator immediately after unloading is complete. The elevator will not be placed on independent service without prior approval of Building management. Landlord will cooperate with contractor regarding contractor's use of the freight elevators and loading docks and in the placement of dumpsters to be provided by contractor and Landlord will not charge a fee in connection with the use or accommodation thereof.

26. Contractor personnel are not to use tenant occupied areas, including vending machines and break-rooms, at any time. Restrooms on tenant occupied floors are not to be used by contractor personnel. Contractor personnel are to use only the restrooms specified by Building management. Unless on specific assignment which has been pre-approved by Building management. No contractor personnel are to enter tenant office areas.

27. Applicable keys and access cards are controlled and distributed by the security department. If a contractor wishes to check out keys or access cards, they must be prepared to surrender their driver's license on request. The driver's license will be returned when the equipment is returned, contractors will not issue keys or access cards for service areas, utility closets or other Building areas to anyone including tenants, telephone and utility personnel or other construction workers. Keys and access cards will not be taken off property for any reason. If any keys are lost, contractor will be subject to a replacement fee. This may also include the cost of re-keying the affected area or possibly the entire Building.

28. Any damage to other tenant spaces, public areas or common facilities of the building is to be reported immediately to Building management. Contractor is expected to repair any damage made by their personnel. If corrections are not made, Building personnel will make the necessary repairs and back-charge the responsible contractor.

29. Contractors shall check in and out with Building security on a daily basis.

30. Contractor shall take appropriate action to prevent false fire alarm or other unnecessary alarm, which may occur as a direct or indirect result of their work. This shall include protection of smoke detection devices from smoke, dust and debris during construction, use of sweeping compound when sweeping floors to prevent dust, and proper precautionary measures taken when working around other alarm initiating devices such as pull stations, water flow devices and Fire Safety related power devices. All work that, for any reason, may activate the Fire Alarm system must first be reported to Building security so that appropriate measure may be taken to prevent a false alarm. Such work includes, but is not limited to sweeping, painting, sanding, soldering, brazing, welding, sawing, etc.

31. Contractor is to provide, and pay all fees for, all permits, inspection, certificates of occupancy, maintenance and operation manuals, equipment warranties, etc.

32. Should the contractor perform any work that does not comply with the requirements of applicable laws, Subtenant shall bear all costs that arise in correcting such defects.

33. All contractors (including the general contractor) shall contact Sublandlord and schedule time periods during which they may use Building and Building facilities in connection with the Contractor of Subtenant Improvements (e.g., elevators, excess electricity, etc.).

34. Contractor shall maintain existing plumbing, HVAC, and fire alarm systems, as well as other existing systems, and must retain all existing functions in service except for scheduled interruptions approved by Building management 24-hours in advance.

35. Any Building-wide power shutdowns must be scheduled with Sublandlord and Landlord at least thirty (30) days prior to the shutdown in question.

All penetrations of piping, duct work, etc. through walls partitions and floors shall be sealed to Building management’s satisfaction to maintain the integrity of the Building’s fire safety rating. Also, any openings in walls and partitions made by the contractor for access to construction work shall be patched and/or repaired to Building management’s satisfaction. All core drill pieces are to be removed by the contractor.

EXHIBIT G

Copy of the Master Lease

| 10600 North De Anza Blvd.
Suite 200
Cupertino, CA 95014-2075

408.446.0700
Facsimile: 408.446.0583
www. sobrato.com

SOBRATO
DEVELOPMENT COMPANIES

Lease between
Sobrato Interests III and Siebel Systems, Inc.
Building 2 - 2211 Bridgepointe Parkway, San Mateo

10600 North De Anza Blvd.
Suite 200
Cupertino, CA 95014-2075

408.446.0700
Facsimile: 408.446.0583
www.sobrato.com

SOBRATO
DEVELOPMENT COMPANIES

1. PARTIES: *THIS LEASE*, is entered into on this 11th day of March, 1999, ("Effective Date") between SOBRATO INTERESTS III, a California Limited Partnership, whose address is 10600 North De Anza Boulevard, Suite 200, Cupertino, CA 95014-2075 and SIEBEL SYSTEMS, INC., a Delaware Corporation, whose address is 1855 South Grant Street, San Mateo, California, CA 94402-2667, hereinafter called respectively Landlord and Tenant.

2. PREMISES:

A. Definitions.

i. Building. The term "Building" shall mean that five (5) story steel frame building containing approximately 141,496 rentable square feet and all Tenant Improvements installed therein to be constructed by Landlord and leased by Tenant pursuant to the terms of this Lease in the location labeled as Building 2 on Exhibit "A" attached hereto and commonly known as 2211 Bridgepointe Parkway.

ii. Building 1. The term "Building 1" shall mean that five (5) story steel frame building containing approximately 141,496 rentable square feet to be constructed by Landlord and leased by Tenant pursuant to a separate lease between the Parties of even date herewith ("Building 1 Lease") in the location labeled as Building 1 on Exhibit "A" and commonly known as 2215 Bridgepointe Parkway.

iii. Building 3. The term "Building 3" shall mean that five (5) story steel frame building containing approximately 167,505 rentable square feet to be constructed by Landlord and leased by Tenant or by a third party pursuant to the terms of Section 19 of this Lease in the location labeled as Building 3 on Exhibit "B" and commonly known as 2207 Bridgepointe Parkway.

iv. Common Area. The term "Common Area" shall mean that certain real property beneath and surrounding the Building, Building 1 and Building 3 consisting initially of an underground parking garage of approximately 455 parking spaces, on-grade parking lots consisting of approximately 255 parking spaces, the first two levels of the above grade parking structure consisting of approximately 280 cars, recreation areas and the adjacent landscaped site areas as shown on Exhibit "A". At the time of construction of Building 3 the Common Area will be modified by the completion of the above grade parking structure to total approximately 850 parking spaces and changes to portions of the landscaped sites areas resulting in total parking at full buildout of 1,560 spaces as shown in Exhibit "B" attached hereto.

Landlord shall have the power to allocate to each tenant in the Project, the number of parking spaces in the podium garage, above-grade parking structure or other portions of the Project as to which Tenant may have the use in connection with its Building; provided that (i) such allocation is requested by at least one (1) tenant in the Project, (ii) Landlord shall not allocate to Tenant materially less than the Tenant's prorata share of parking calculated on the basis of the square footage of the buildings in the Project, and (iii) Landlord shall allocate parking in a manner so as to maximize the adjacency of parking to each building. Landlord shall further retain the right to restrict an appropriate amount of the parking for visitors of the Project or for car pooling (as may be required by a TDM program). At the request of Tenant or any other tenant in the

Project, Landlord further agrees to restrict up to ten (10) spaces per building for key employees of Tenant (or of other tenants in the Project) or for other reasonable uses. Tenant shall be responsible for seeing that the total number of vehicles parked in the Project by employees and invitees of Tenant does not exceed the number of total spaces allocated to the Building.

v. Project. The term "Project" shall be that certain real property consisting of approximately 10.8 acres at the corner of Bridgepointe Circle and Bridgepointe Parkway in San Mateo, California and all improvements constructed thereon consisting at full buildout of the Building, Building 1, Building 3 and the Common Area as shown in Exhibit "B".

vi. Premises. The term "Premises" shall mean the Building and a non-exclusive right to use the Common Area. Unless expressly provided otherwise, the term Premises as used herein shall include the Tenant Improvements (defined in Section 5.B) constructed by Tenant pursuant to Section 5.B.

B. Grant: Landlord hereby leases the Premises to Tenant, and Tenant hires the Premises from Landlord.

C. Recordation of Parcel Map and Declaration: Tenant consents to recordation by Landlord of a Parcel Map (Parcel Map") and a Declaration of Covenants, Conditions and Restrictions ("Declaration"). The Parcel Map and the Declaration shall be substantially in the form attached hereto as Exhibit "C" with such changes as may be may be desired by Landlord or Landlord's lenders to facilitate the operation, construction, financing, sale and/or leasing of the Project, provided such changes do not materially and adversely affect Tenant's use of the Premises, and with such changes as may be required by the city or other governmental authority having jurisdiction over the Project. Landlord is seeking approval of the Parcel Map and Declaration to subdivide the existing parcel into the four lots to facilitate Landlord's operation, construction, financing, lease and /or sale of the Project as individual buildings. Landlord's failure to obtain approval of the Parcel Map or Declaration shall in no way invalidate this Lease. In the event the Parcel Map and Declaration are recorded by Landlord, the Section 2.A.vi shall be replaced by following: The term "Premises" shall mean (i) the land area within Lot 1; (ii) the Building; and (iii) the nonexclusive right to use the Common Area in accordance with the terms and conditions of the Declaration and this Lease. This Lease shall be subject and subordinate in all respects to the Declaration, as the same may be amended from time to time. Tenant covenants and agrees to refrain from doing or causing to be done, or permitting any thing or act to be done, which would constitute a default under the Declaration or which would or might make Landlord liable for any damages, claims or penalty. All assessments charged to the Premises pursuant to the Declaration, (other than those assessments which represent: the costs required to be paid and borne by Landlord under the express terms of this Lease (such as Landlord's maintenance costs pursuant to Section 8.A; fines, penalties and costs of suit charged by the Association, to the extent not caused by Tenant's breach of this Lease or violation of the Declaration; reimbursements to the Association for diminution of the Association's insurance proceeds, to the extent not caused by Tenant's violation of the insurance provisions of the Declaration; and assessments levied against the Premises because of the nonpayment of assessments levied on other lots within the Project other than the Premises) shall constitute a part of Tenant's Allocable Share of Reimbursable Operating Costs pursuant to Article 8 of this Lease.

Following recordation of the Declaration, if owners and occupants of Building 1 or Building 3 are violating the terms and conditions of the Declaration and such violation materially and adversely affects Tenant's rights under this Lease, then within a reasonable time following Tenant's request, Landlord shall take reasonable steps to enforce the provisions of the Declaration relating to such violation, in accordance with the procedures established in the Declaration, the cost of which shall be a Reimbursable Operating Cost pursuant to Article 8 of this Lease.

3. USE:

A. Permitted Uses: Tenant shall use the Premises only for the following purposes and shall not change the use of the Premises without the prior written consent of Landlord: General office uses including research and development and other incidental uses (such incidental uses shall include without limitation, a gymnasium and/or a cafeteria for use of Tenant's employees). Tenant shall use only the number of parking spaces allocated to Tenant under this Lease. Following recordation of the Declaration, if occupants of Building 1 or Building 3 are using parking spaces in excess of the number of spaces to which they are entitled under the Declaration, then within a reasonable time following Tenant's request, Landlord shall seek to enforce the provisions of the Declaration relating to such excessive use, in accordance with the procedures established in the Declaration, the cost of which shall be a Reimbursable Operating Cost pursuant to Article 8 of this Lease. Prior to recording the Declaration, Landlord shall cause the Declarants of the Declaration to confirm in writing for the benefit of Tenant that the signs and window coverings to be installed pursuant to Section 3.C of this Lease are approved by the Declarants. Landlord shall promptly send to Tenant all notices received from the Association pertaining to the Association's entry onto the Premises and Common Area, insurance coverage affecting the Premises, and assessments levied against the Premises. All commercial trucks and delivery vehicles shall be (i) loaded and unloaded in a manner which does not interfere with the businesses of other occupants of the Project, and (ii) permitted to remain on the Project only so long as is reasonably necessary to complete the loading and unloading. Landlord makes no representation or warranty that any specific use of the Premises desired by Tenant is permitted pursuant to any Laws.

B. Uses Prohibited: Tenant shall not commit or suffer to be committed on the Premises any waste, nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant in or around the Premises, nor allow any sale by auction or any other use of the Premises for an unlawful purpose. Tenant shall not (i) damage or overload the electrical, mechanical or plumbing systems of the Premises, (ii) attach, hang or suspend anything from the ceiling, walls or columns of the building or set any load on the floor in excess of the load limits for which such items are designed, or (iii) generate dust, fumes or waste products which create a fire or health hazard or damage the Premises or in the soils surrounding the Building. No materials, supplies, equipment, finished products or semi-finished products, raw materials or articles of any nature, or any waste materials, refuse, scrap or debris, shall be stored upon or permitted to remain on any portion of the Premises outside of the Building without Landlord's prior approval, which approval may be withheld in its sole discretion.

C. Advertisements and Signs: Tenant shall be permitted to place two (2) signs mounted on the building, one monument sign within the Common Area, and any directional signs necessary within the Common Area, provided such signs are approved by the city or other governing authority. Tenant shall be entitled to additional signage on Building 1 and Building 3 (if leased) pursuant to the leases for these buildings. Any sign placed on the Premises shall be removed by Tenant, at its sole cost, prior to the Expiration Date or promptly following the earlier termination of the lease, and Tenant shall repair, at its sole cost, any damage or injury to the Premises caused thereby, and if not so removed, then Landlord may have same so removed at Tenant's expense.

D. Covenants, Conditions and Restrictions: This Lease is subject to the effect of (i) easements, mortgages or deeds of trust, ground leases, rights of way of record and any other matters or documents of record; and (ii) any zoning laws of the city, county and state where the Building is situated (collectively referred to herein as "Restrictions") and Tenant will conform to and will not violate the terms of any such Restrictions.

Tenant acknowledges that as to certain matters set forth in this Lease, the Association (defined in the Declaration) has or will have rights of approval or disapproval. If any matter requiring the Association's approval is submitted to Landlord by Tenant for Landlord's approval, Landlord shall respond to Tenant in a timely fashion. If Landlord approves such matter and such matter further requires the Association's approval, Landlord shall promptly submit the same to the Association, as applicable. In no event, however, shall Landlord's disapproval be deemed unreasonable if the Association has disapproved of such matter nor shall Landlord have any liability to Tenant by reason thereof.

4. TERM AND RENTAL:

A. Base Monthly Rent: The term ("Lease Term") shall be for one hundred forty four (144) months, commencing on substantial completion of construction as finally determined pursuant to Section 5.G (the "Commencement Date") estimated to occur on August 1, 2000, and ending one hundred forty four (144) months thereafter, ("Expiration Date"). Notwithstanding the fact that the Lease Term begins on the Commencement Date, this Lease and all of the obligations of Landlord and Tenant shall be binding and in full force and effect from and after the Effective Date except for those obligations which begin on the Commencement Date. In addition to all other sums payable by Tenant under this Lease, Tenant shall pay as base monthly rent ("Base Monthly Rent") for the Premises the amount of Three Hundred Twenty Thousand Sixty Four Dollars ($320,064.00). Base Monthly Rent and Tenant's payment of operating expenses and taxes pursuant to Section 8 shall be payable beginning on the Commencement Date in advance on or before the first day of each calendar month during the Lease Term. All sums payable by Tenant under this Lease shall be paid to Landlord in lawful money of the United States of America, without offset or deduction and without prior notice or demand, at the address specified in Section 1 of this Lease or at such place or places as may be designated in writing by Landlord during the Lease Term. Base Monthly Rent for any period less than a calendar month shall be a pro rata portion of the monthly installment.

B. Rental Adjustment:

(i) For Variation in Rentable Square Feet: Upon Substantial Completion of construction, the Building shall be measured (from outside wall to outside wall including all areas covered by a structural roof), and if the actual square footage differs from 141,496 square feet, the initial Base Monthly Rent hereunder shall be adjusted to the product of Two and 262/1000 Dollars ($2,262) and the actual rentable square feet of the Building.

(ii) Periodic Adjustment: Beginning thirty (30) months after the Commencement Date, and every thirty (30) months thereafter, the then-payable Base Monthly Rent shall be increased by seven and 50/100 percent (7.50%).

C. Late Charges: Tenant hereby acknowledges that late payment by Tenant to Landlord of Base Monthly Rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include but are not limited to: administrative, processing, accounting, and late charges which may be imposed on Landlord by the terms of any contract, revolving credit, mortgage, or trust deed covering the Premises. Accordingly, if any installment of Base Monthly Rent or other sum due from Tenant shall not be received by Landlord or its designee within ten (10) days after the rent is due, Tenant shall pay to Landlord a late charge equal to five (5%) percent of such overdue amount, which late charge shall be due and payable on the same date that the overdue amount was due. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment

by Tenant excluding interest and attorneys fees and costs. If any rent or other sum due from Tenant remains delinquent for a period in excess of thirty (30) days then, in addition to such late charge, Tenant shall pay to Landlord interest on any rent that is not paid when due at the Agreed Interest Rate specified in Section 21.J following the date such amount became due until paid. Acceptance by Landlord of such late charge shall not constitute a waiver of Tenant's default with respect to such overdue amount nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Monthly Rent, then the Base Monthly Rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding any provision of this Lease to the contrary. After four (4) quarterly installments have been paid on time, rent shall again be payable monthly.

D. Security Deposit:

(i) Amount: Within ten (10) days following the Effective Date, Tenant shall deposit with Landlord a letter of credit ("Letter of Credit") in a form reasonably acceptable to Landlord in the amount of Eight Million Four Hundred Thousand Dollars ($8,400,000.00) to secure Tenant's obligation to complete Tenant Improvements in the Building and in Building 1 pursuant to this Lease and the Building 1 Lease. Upon Landlord's receipt of evidence reasonably satisfactory to Landlord of lien free completion of the Tenant Improvements and that Tenant has fully paid for the cost of all of Tenant Improvements for the Building and for Building 1, the Letter of Credit shall be cancelled and returned to Tenant by Landlord. Notwithstanding the foregoing, in the event Tenant elects to defer construction on a portion of the non-core Tenant Improvements in Building 1 (as provided further and restricted in Section 5.B), Landlord shall not require Tenant to continue to post the Letter of Credit after payment in full for all other Tenant Improvements associated with the Building and Building 1.

(ii) Use by Landlord: Landlord shall be entitled to draw against the full amount of the Letter of Credit at any time provided only that Landlord certifies to the issuer of the Letter of Credit that Tenant has failed to make a payment for Tenant Improvement costs as provided in 5.F, that Tenant has failed to timely renew or extend the Letter of Credit as required by this subsection (ii), or that Tenant has failed to amend the Letter of Credit or obtain a new Letter of Credit as required by this subsection (ii) and such failure has not been cured within ten (10) days following Landlord's notice to Tenant. Tenant shall keep the Letter of Credit in effect at all times prior to payment in full for the Tenant Improvements for the Building and for Building 1. At least sixty (60) days prior to expiration of any Letter of Credit, the term thereof shall be renewed or extended for a period until Tenant has paid in full for the Tenant Improvements for Building 1. Subject to the notice requirement and cure period provided herein, Tenant's failure to so renew or extend the Letter of Credit shall be a material default of this Lease by Tenant entitling Landlord to draw down on the entire amount of the Letter of Credit. Any amounts drawn on the Letter of Credit shall be used to pay for the cost of the Tenant Improvements. In the event the Letter of Credit is drawn by Landlord, and the proceeds used to pay for the completion of the Tenant Improvements in the Building and Building 1, after Landlord's completion of the Tenant Improvements in the Building 1, Landlord shall refund to Tenant any excess proceeds from the Letter of Credit. In the event of termination of Landlord's interest in this Lease, Landlord may deliver the Letter of Credit to Landlord's successor in interest in the Premises and thereupon be relieved of further responsibility with respect to the Letter of Credit. Except as provided herein, no other security deposit shall be required by Tenant.

(iii) Letter of Credit Fee: Landlord and Tenant agree to share equally in the fee charged to provide the Letter of Credit. In no event, however, shall Landlord's share of the fee exceed the sum of Forty Two Thousand Dollars ($42,000.00) per annum.

5. CONSTRUCTION:

A. Building Shell Plans: The Building Shell shall be constructed in accordance with the Building Shell plans and guideline specifications prepared by Korth Sunseri Hagey ("Shell Architect"). The design development drawings for the Building Shell are attached hereto as Exhibit "D" ("Preliminary Shell Plans and Specifications"). The Parties have generally approved the Preliminary Shell Plans, however, Tenant reserves the right to work in a diligent manner with Landlord and his design team to refine the Preliminary Plans and Specifications to accommodate Tenant's requirements such that this activity does not delay the issuance of the working drawings for the Building Shell ("Shell Permit Drawings") on schedule. The current schedule anticipates completion of the Shell Permit Drawings on May 5, 1999. Such refinements shall be limited to the following areas: (i) structural issues relating to the support of the rooftop HVAC system and other framing for its distribution inside the Building; (ii) planning issues relating to the sizing and placement of the base building electrical system; (iii) planning and specification issues relating to the design of the Building security systems; (iv) utility services relating to communications entrances from the street to the Building; (v) design of the main electrical service and emergency power service to the Building; and (vi) definition of the work that will be completed as a part of the construction of the Building as it affects Tenant's ability to access the Building during the construction of the other Buildings in the Project. The Shell Permit Drawings (i) shall be consistent with the Preliminary Shell Plans in all material respects, and (ii) shall provide for materials to be of a quality consistent with a "Class A" office project the where materials are not currently specified in the Preliminary Shell Plans. Landlord shall contract for the installation of the pile foundation system and shall begin this work immediately following the Effective Date. Upon completion of the Shell Permit Drawings, Landlord shall select a general contractor ("General Contractor") on the basis of a competitive bid of both the cost to construct the Building Shell and the fee and general conditions bid to construct the Tenant Improvements. Thereafter, Landlord shall cause the General Contractor to complete construction of the Building Shell. The Building Shell shall include those items set forth in the attached Exhibit "E" ("Building Shell Definition") which scope includes the cost of the parking structures. In the event of a conflict between Exhibit "D" and Exhibit "E", Exhibit "E" shall govern.

B. Tenant Improvement Plans: Tenant, at Tenant's sole cost and expense, will hire an interior architect ("Interior Architect") to prepare plans and outline specifications to be attached as Exhibit "F" ("Tenant Improvement Plans and Specifications") with respect to the construction of improvements to the interior premises ("Tenant Improvements"). The Tenant Improvement Plans and Specifications plans shall be completed for all aspects of the work by October 1, 1999 with all detail necessary for submittal to the city and for construction and shall include any information required by the relevant agencies regarding Tenant's use of Hazardous Materials if applicable. The Tenant Improvements shall consist of all items not included within the scope of the Building Shell Definition. All Tenant Improvements affecting or otherwise related to the Building Core will be subject to Landlord's reasonable approval. The "Building Core" shall include those items typically associated in the industry with an office building core including elevators, restrooms, fire sprinklers, HVAC and electrical systems distributed to each floor, exiting stair finishes and a finished building lobby. As to the balance of the Tenant Improvements, Landlord shall not have rights of approval, however, Tenant Improvement Plans shall provide for the creation of finished office space ready for occupancy with a minimum buildout in all areas of the Premises consisting of: (i) fire sprinklers, (ii) floorcoverings, (iii) overhead

ceiling system (iv) distribution of the HVAC system, (v) overhead florescent lighting, and (vi) any other work required by the City of San Mateo necessary to obtain a Certificate of Occupancy. Tenant shall have the right to defer installation of the Tenant Improvements not associated with the Building Core in up to twenty percent (20%) of the rentable square footage of the Building. Except as provided in the preceding sentence, Tenant shall have no rights or ability to delay installation of any of the Tenant Improvements. The Tenant Improvement Plans and Specifications shall be prepared in sufficient detail to allow General Contractor to construct the Tenant Improvements. The General Contractor shall construct the Tenant Improvements in accordance with all Tenant Improvement Plans and Specifications. The Tenant Improvements shall not be removed or altered by Tenant without the prior written consent of Landlord as provided in Section 7. Tenant shall have the right to depreciate and claim and collect any investment tax credits in the Tenant Improvements during the Lease Term. Tenant shall further retain the right to encumber its leasehold interest with a first priority security interest, provided such lienholder has no right to remove any Tenant Improvements installed by Tenant pursuant to this Lease in the event of a default by Tenant under such encumbrance. Upon expiration of the Lease Term or any earlier termination of the Lease, the Tenant Improvements shall become the property of Landlord and shall remain upon and be surrendered with the Premises, and title thereto shall automatically vest in Landlord without any payment therefore.

C. Tenant Improvement Pricing. Within ten (10) days after completion of the Tenant Improvements Plans and Specifications, Landlord shall cause the General Contractor to submit to Tenant competitive bids from at least three (3) subcontractors for each aspect of the work in excess of Fifty Thousand and No/100 Dollars ($50,000.00) related to the Tenant Improvements. Landlord shall cause the General Contractor to utilize the low bid in each case unless Tenant approves General Contractor's use of another subcontractor, and the cost of the Tenant Improvements shall be based upon construction expenses equal to (i) the bid amounts as approved by Tenant, (ii) a reasonable contingency approved by Tenant to protect the General Contractor against cost overruns, and (iii) the general contractor fee specified in Section 5.H below ("Tenant Improvement Budget"). Upon Tenant's written approval of the Tenant Improvement Budget, which approval shall not be unreasonably withheld or delayed, Landlord and Tenant shall be deemed to have given their respective approvals of the final Tenant Improvement Plans and Specifications on which the cost estimate was made, and General Contractor shall proceed with the construction of the Tenant Improvements in accordance with the terms of Section 5.G below. If Tenant does not specifically approve or disapprove the bids within ten (10) business days, Tenant shall be deemed to have approved the bids.

D. Change Orders: Tenant shall have the right to order changes in the manner and type of construction of the Tenant Improvements. Upon request and prior to Tenant's submitting any binding change order, Landlord shall cause the General Contractor to promptly provide Tenant with written statements of the cost to implement and the time delay and increased construction costs associated with any proposed change order, which statements shall be binding on General Contractor. If no time delay or increased construction cost amount is noted on the written statement, the parties agree that there shall be no adjustment to the construction cost or the Commencement Date associated with such change order. If ordered by Tenant, Landlord shall cause the General Contractor to implement such change order and the cost of constructing the Tenant Improvements shall be increased or decreased in accordance with the cost statement previously delivered by General Contractor to Tenant for any such change order. In no event, however, shall Tenant have the right to eliminate the minimum buildout requirements specified in Section 5.B above.

E. Building Shell Costs: Landlord shall pay all costs associated with the Building Shell.

F. Tenant Improvement Costs: Tenant shall pay all costs associated with the Tenant Improvements. The cost of Tenant Improvements shall consist of only the following to the extent actually incurred by General Contractor in connection with the construction of Tenant Improvements: construction costs, all permit fees, construction taxes or other costs imposed by governmental authorities related to the Tenant Improvements, and General Contractor overhead and profit as described in Section 5.H below. During the course of construction of Tenant Improvements, Landlord may deliver to Tenant not more than once each calendar month a written request for payment prepared by the General Contractor ("Progress Invoice") which shall include and be accompanied by General Contractor's certified statements setting forth the amount requested, certifying the percentage of completion of each item for which reimbursement is requested, and if requested by Tenant, a certificate from Landlord's Architect certifying the percentage completion. Tenant shall pay the amount due pursuant to the Progress Invoice less a ten percent (10%) retention directly to the General Contractor, within thirty (30) days after Tenant's receipt of the above items. All costs for Tenant Improvements shall be fully documented to and verified by Tenant.

G. Construction: The Building Shell and Tenant Improvements shall be deemed substantially complete ("Substantially Complete" or "Substantial Completion") when the Building Shell and Tenant Improvements have been substantially completed in accordance with the Shell Plans and Specifications and Tenant Improvement Plans and Specifications, as evidenced by the completion of a final inspection or the issuance of a certificate of occupancy or its equivalent by the appropriate governmental authority for the Building Shell and Tenant Improvements, and the issuance of a certificate by the Architect certifying that the Building Shell and Tenant Improvements have been completed in accordance with the plans. Installation of (i) Tenant's data and phone cabling, (ii) Tenant's furniture, or (iii) the exterior landscaping shall not be required in order to deem the Premises Substantially Complete. Any prevention, delay or stoppage due to strikes, lockouts, inclement weather unusual for the season it which it occurs, labor disputes, inability to obtain labor, materials, fuel or reasonable substitutes therefor, governmental restrictions, regulations, controls, civil commotion, fire or other act of God, and another causes beyond the reasonable control of Landlord (except financial inability) shall extend the dates contained in this Section 5.G by a period equal to the period of any said prevention, delay or stoppage.

If Landlord cannot obtain building permits or Substantially Complete construction by the dates set forth herein, this Lease shall not be void or voidable nor shall Landlord be liable for any loss or damage resulting therefrom. Notwithstanding anything to the contrary contained herein, if Landlord has not delivered the Premises substantially completed to Tenant on or before August, 1, 2001 ("Termination Date"), Tenant shall have the right to cancel this Lease by providing Landlord written notice within sixty (60) days following the Termination Date as Tenant's sole and exclusive remedy for such failure. In such event, Landlord shall return the Letter of Credit to Tenant and thereafter neither party shall have any further liability to the other under this Lease.

H. General Contractor Overhead & Profit: As compensation to General Contractor for its services related to construction of the Building Shell and Tenant Improvements, General Contractor shall receive a fee based upon the cost of construction determined and agreed upon by Landlord and Tenant at the time of the competitive bid of the Building Shell. Except as provided therein, Landlord or General Contractor shall not receive any other fee or payment from Tenant in connection with General Contractor's services.

I. Tenant Delays: A "Tenant Delay" shall mean any delay in Substantial Completion of the Building as a result of any of the following: (i) Tenant's failure to complete or approve the Tenant Improvement Plans by the dates set forth in Section 5.B, (ii) Tenant's failure to approve the bids for construction by the dates set forth in Section 5.C, (iii) changes to the plans requested by Tenant which delay the progress of the work, (iv) Tenant's request for materials components, or finishes which are not available in a commercially reasonable time given the anticipated Commencement Date, (v) Tenant's failure to make a progress payment for Tenant Improvements as provided in Section 5.F after notice from Landlord and expiration of the applicable cure period, (vi) Tenant's request for more than one (1) rebidding of the cost of all or a portion of the work, and (vii) any errors or omissions in the Tenant Improvement Plans provided by Tenant's architect unless caused by misinformation provided by Landlord, Landlord's Architect or the General Contractor. Notwithstanding anything to the contrary set forth in this Lease, and regardless of the actual date the Premises are Substantially Complete, the Commencement Date shall be deemed to be the date the Commencement Date would have occurred if no Tenant Delay had occurred as reasonable determined by Landlord. In addition, if a Tenant Delay results in an increase in the cost of the labor or materials, Tenant shall pay the cost of such increases.

J. Insurance: General Contractor shall procure (as a cost of the Building Shell) a "Broad Form" liability insurance policy in the amount of Three Million Dollars ($3,000,000.00). Landlord shall also procure (as a cost of the Building Shell) builder's risk insurance for the full replacement cost of the Building Shell and Tenant Improvements while the Building and Tenant Improvements are under construction, up until the date that the fire insurance policy described in Section 9 is in full force and effect.

K. Punch List & Warranty: After the Building Shell and Tenant Improvements are Substantially Complete, Landlord shall cause the General Contractor to immediately correct any construction defect or other "punch list" item which Tenant brings to General Contractor's attention. All such work shall be performed so as to reasonably minimize the interruption to Tenant and its activities on the Premises. General Contractor shall provide a standard contractor's warranty with respect to the Building Shell and the Tenant Improvements for one (1) year from the Commencement Date. Such warranty shall exclude routine maintenance, damage caused by Tenant's negligence or misuse, and acts of God. Notwithstanding anything to the contrary in this Lease, Landlord warrants that on the commencement of the term hereof, (i) the Premises shall comply with all laws, codes, ordinances and other governmental requirements then applicable to the Building Shell and the Common Area, (ii) all components of the Building Shell shall be in good working order, condition, and repair, and (iii) the Premises, the Project, and the land and groundwater thereunder, shall be free of contamination by any Hazardous Materials then regulated by any applicable local, state, or federal law not caused by Tenant. In the event of any breach of any of the foregoing warranties, Landlord shall promptly rectify the same at its sole cost and expense and shall indemnify, defend, and hold Tenant harmless from and against any damages, liability, suits, losses, claims, actions, costs or expenses (including attorneys' and consultants' fees and costs) suffered by Tenant in connection with any such breach.

L. Other Work by Tenant: All work not described in the Shell Plans and Specifications or Tenant Improvement Plans and Specifications, such as furniture, telephone equipment, telephone wiring and office equipment work, shall be furnished and installed by Tenant at Tenant's cost. Prior to Substantial Completion, Tenant shall be obligated to (i) provide active phone lines to any elevators, and (ii) contract with a firm to monitor the fire system. When the construction of the Tenant Improvements has proceeded to the point where Tenant's work of installing its fixtures and equipment in the Premises can be commenced, General

Contractor shall notify Tenant and shall permit Tenant and its authorized representatives and contractors access to the Premises before the Commencement Date for the purpose of installing Tenant's trade fixtures and equipment.

6. ACCEPTANCE OF POSSESSION AND COVENANTS TO SURRENDER:

A. Delivery and Acceptance: On the Commencement Date, Landlord shall deliver and Tenant shall accept possession of the Premises and enter into occupancy of the Premises on the Commencement Date. Except as otherwise specifically provided herein, Tenant agrees to accept possession of the Premises in its then existing condition, subject to all Restrictions and without representation or warranty by Landlord except as provided in Section 5.K above. Tenant's taking possession of any part of the Premises shall be deemed to be an acceptance of any work of improvement done by Landlord in such part as complete and in accordance with the terms of this Lease except for (i) "Punch List" type items of which Tenant has given Landlord written notice prior to the time Tenant takes possession, and (ii) Landlord's warranties provided in Section 5.K above. Within thirty (30) days after the Commencement Date, Tenant agrees to occupy at least a one (1) floor of the Premises.

B. Condition Upon Surrender: Tenant further agrees on the Expiration Date or on the sooner termination of this Lease, to surrender the Premises to Landlord in good condition and repair, normal wear and tear excepted. In this regard, "normal wear and tear" shall be construed to mean wear and tear caused to the Premises by the natural aging process which occurs in spite of prudent application of the commercially reasonable standards for maintenance, repair replacement, and janitorial practices, and does not include items of neglected or deferred maintenance. In any event, Tenant shall cause the following to be done prior to the Expiration Date or sooner termination of this Lease: (i) all interior walls shall be free of holes and gouges, (ii) all tiled floors shall be cleaned and waxed, (iii) all carpets shall be cleaned and shampooed, (iv) all broken, marred, stained or nonconforming acoustical ceiling tiles shall be replaced, (v) all cabling placed above the ceiling by Tenant or Tenant's contractors shall be removed, (vi) all windows shall be washed; (vii) the HVAC system shall be serviced by a reputable and licensed service firm and left in "good operating condition and repair" as so certified by such firm, (viii) the plumbing and electrical systems and lighting shall be placed in good order and repair (including replacement of any burned out, discolored or broken light bulbs, ballasts, or lenses. On or before the Expiration Date or sooner termination of this Lease, Tenant shall remove all its personal property and trade fixtures from the Premises. All property and fixtures not so removed shall be deemed as abandoned by Tenant. Tenant shall ascertain from Landlord within ninety (90) days before the Expiration Date whether Landlord desires to have the Premises or any parts thereof restored to their condition as of the Commencement Date, or to cause Tenant to surrender all Alterations (as defined in Section 7) in place to Landlord. If Landlord shall so desire, and provided that at the time Landlord gave its consent to their installation, Landlord also notified Tenant that such removal would be required, Tenant shall, at Tenant's sole cost and expense, remove such Alterations as Landlord requires and shall repair and restore said Premises or such parts thereof before the Expiration Date. Such repair and restoration shall include causing the Premises to be brought into compliance with all applicable building codes and laws in effect at the time of the removal to the extent such compliance is necessitated by the repair and restoration work. In no event, however, shall Tenant be required to remove any portion of the initial Tenant Improvements installed in accordance with the terms of this Lease.

C. Failure to Surrender: If the Premises are not surrendered at the Expiration Date or sooner termination of this Lease, Tenant shall be deemed in a holdover tenancy pursuant to this Section 6.C and Tenant shall indemnify, defend, and hold Landlord harmless against loss or liability resulting from delay by Tenant

in so surrendering the Premises including, without limitation, any claims made by any succeeding tenant founded on such delay and costs incurred by Landlord in returning the Premises to the required condition, plus interest at the Agreed Interest Rate. Any holding over after the termination or Expiration Date with Landlord's express written consent, shall be construed as month-to-month tenancy, terminable on thirty (30) days written notice from either party, and Tenant shall pay as Base Monthly Rent to Landlord a rate equal to one hundred twenty five percent (125%) of the Base Monthly Rent due in the month preceding the termination or Expiration Date, plus all other amounts payable by Tenant under this Lease. Any holding over shall otherwise be on the terms and conditions herein specified, except those provisions relating to the Lease Term and any options to extend or renew, which provisions shall be of no further force and effect following the expiration of the applicable exercise period. If Tenant remains in possession of the Premises after expiration or earlier termination of this Lease without Landlord's consent, Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay as rent during the holdover period an amount equal to one hundred fifty percent (150%) of the Base Monthly Rent due in the month preceding the termination or Expiration Date, plus all other amounts payable by Tenant under this Lease. This provision shall survive the termination or expiration of the Lease.

7. ALTERATIONS AND ADDITIONS:

A. Tenant's Alterations: Tenant shall not make, or suffer to be made, any alteration or addition to the Premises ("Alterations"), or any part thereof, without obtaining Landlord's prior written consent and delivering to Landlord the proposed architectural and structural plans for all such Alterations at least fifteen (15) days prior to the start of construction. If such Alterations affect the structure of the Building, Tenant additionally agrees to reimburse Landlord its reasonable out-of-pocket costs incurred in reviewing Tenant's plans. Notwithstanding anything to the contrary contained in this lease, Tenant shall be entitled to construct Alterations which cost Tenant less than One Hundred Thousand Dollars ($100,000.00) in the aggregate each year, without obtaining Landlord's consent, provided such Alterations do not affect the exterior of the Premises or adversely affect the structural integrity or life safety systems of the Premises. Tenant shall not proceed to make such Alterations until Tenant has obtained all required governmental approvals and permits, and provides Landlord reasonable security, in form reasonably approved by Landlord, to protect Landlord against mechanics' lien claims. Tenant agrees to provide Landlord (i) written notice of the anticipated and actual start-date of the work, (ii) a complete set of half-size (15" X 21") vellum as-built drawings, and (iii) a certificate of occupancy for the work upon completion of the Alterations if required by applicable law. All Alterations shall be constructed in compliance with all applicable building codes and laws including, without limitation, the Americans with Disabilities Act of 1990. Upon the Expiration Date, all Alterations, except movable furniture and trade fixtures, shall become a part of the realty and belong to Landlord but shall nevertheless be subject to removal by Tenant as provided in Section 6 above. Alterations which are not deemed as trade fixtures include heating, lighting, electrical systems, air conditioning, walls, carpeting, or any other installation which has become an integral part of the Premises. All Alterations shall be maintained, replaced or repaired by Tenant at its sole cost and expense.

B. Free From Liens: Tenant shall keep the Premises free from all liens arising out of work performed, materials furnished, or obligations incurred by Tenant or claimed to have been performed for Tenant. In the event Tenant fails to discharge any such lien within fifteen (15) days after receiving notice of the filing, Landlord shall be entitled to discharge the lien at Tenant's expense and all resulting reasonable costs incurred by Landlord, including reasonable attorney's fees shall be due from Tenant as additional rent.

C. Compliance With Governmental Regulations: The term Laws or Governmental Regulations shall include all federal, state, county, city or governmental agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued. The term also includes government measures regulating or enforcing public access, traffic mitigation, occupational, health, or safety standards for employers, employees, landlords, or tenants. Tenant, at Tenant's sole expense shall make all repairs, replacements, alterations, or improvements needed to comply with all Governmental Regulations except as otherwise expressly provided in this Lease. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding against Tenant (whether Landlord be a party thereto or not) that Tenant has violated any such law, regulation or other requirement in its use of the Premises shall be conclusive of that fact as between Landlord and Tenant.

8. MAINTENANCE OF PREMISES:

A. Landlord's Obligations: Landlord at its sole cost and expense, shall maintain in good condition, order, and repair, and replace as and when necessary, the foundation, exterior load bearing walls glass curtainwall, and roof structure of the Building Shell. Landlord further agrees to perform repairs and replacements to the Common Area to maintain the Common Area in good condition, order and repair (subject to Tenant's reimbursement obligation). Tenant acknowledges and agrees that the Association formed pursuant to the Declaration may perform the maintenance, repair and restoration obligations of Landlord under this Section 8.A and other sections of this Lease on behalf of Landlord and other owners of any portion of the Project, in discharge of Landlord's maintenance, repair and restoration obligations under this Lease. As to increases in annual assessments or the imposition of a special assessment under the Declaration which would require the vote of the Owners (as defined in the Declaration), Landlord agrees to vote in favor or such assessments to the extent Landlord reasonably determines such sums are required to maintain the Premises in the condition required by this Lease. Notwithstanding the foregoing, in the event that Tenant leases from Landlord all of the space then developed within the Project, Tenant shall have the right to perform the repairs, replacements and maintenance of the Common Area and pay such costs directly.

B. Tenant's Obligations: Subject to Sections 15 and 16, Tenant shall clean, maintain, repair and replace when necessary the Building and every part thereof through regular inspections and servicing, including but not limited to: (i) all plumbing and sewage facilities, (ii) all heating ventilating and air conditioning facilities and equipment, (iii) all fixtures, interior walls floors, carpets and ceilings, (iv) all electrical facilities and equipment, (v) all automatic fire extinguisher equipment, (vi) all elevator equipment, and (vii) the roof membrane system. All wall surfaces and floor tile are to be maintained in an as good a condition as when Tenant took possession free of holes, gouges, or defacements. With respect to items (ii), (vi) and (vii) above, Tenant shall provide Landlord a copy of a service contract between Tenant and a licensed service contractor providing for periodic maintenance of all such systems or equipment in conformance with the manufacturer's recommendations. Tenant shall provide Landlord upon request, a copy of such preventive maintenance contracts and paid invoices for the recommended work if requested by Landlord.

C. Landlord and Tenant's Obligations Regarding Reimbursable Operating Costs: Notwithstanding the provisions of Sections 8, 9, 10 and 11 of this Lease, Tenant agrees to reimburse Landlord for Tenant's Allocable Share (as defined in Section 8.E below) of the expenses resulting from Landlord's payment of Reimbursable Operating Costs (as defined in Section 8.D below) in connection with the Premises or in connection with the Project which are not otherwise Landlord's obligation hereunder. Tenant agrees to pay its Allocable Share of the Reimbursable Operating Costs as additional rental within ten (10) business days of written invoice from Landlord.

D. Reimbursable Operating Costs: For purposes of calculating Tenant's Allocable Share of Building and Project Costs, the term "Reimbursable Operating Costs" is defined as all reasonable costs and expenses of the nature hereinafter described which are incurred by Landlord in connection with ownership and operation of the Building or the Project in which the Premises are located. All costs and expenses shall be determined in accordance with generally accepted accounting principles which shall be consistently applied, including but not limited to the following: (i) common area utilities, including water, power, telephone, heating, lighting, air conditioning, ventilating, and Building utilities to the extent not separately metered; (ii) common area maintenance and service agreements for the Building and/or Project and the equipment therein, including without limitation, common area janitorial services, alarm and security services, exterior window cleaning, and maintenance of the sidewalks, landscaping, waterscape, roof membrane, parking garages and parking areas, driveways, service areas, mechanical rooms, elevators, and the building exterior; (iii) insurance premiums and costs, including without limitation, the premiums and cost of fire, casualty and liability coverage and rental abatement and earthquake (if available at commercially reasonable rates) insurance applicable to the Building or Project; (iv) repairs, replacements and general maintenance (excluding repairs and general maintenance paid by proceeds of insurance or by Tenant or other third parties, and repairs or alterations attributable solely to tenants of the Building or Project other than Tenant); and (v) all real estate taxes and assessment installments or other impositions or charges which may be levied on the Building or Project, upon the occupancy of the Building or Project and including any substitute or additional charges which may be imposed during, or applicable to the Lease Term including real estate tax increases due to a sale, transfer or other change of ownership of the Building or Project, as such taxes are levied or appear on the City and County tax bills and assessment rolls. Landlord shall have no obligation to provide guard services or other security measures for the benefit of the Project. Tenant assumes all responsibility for the protection of Tenant and Tenant's Agents from acts of third parties; provided, however, that nothing contained herein shall prevent Landlord, at its sole option, from providing security measures for the Project. This is a "Net" Lease, meaning that Base Monthly Rent is paid to Landlord net of all costs and expenses, except as provided otherwise in this Lease. The provision for payment of Reimbursable Operating Costs by means of periodic payment of Tenant's Allocable Share of Building and/or Project Costs is intended to pass on to Tenant and reimburse Landlord for all costs of operating and managing the Building and/or Project.

E. Tenant's Allocable Share: For purposes of prorating Reimbursable Operating Costs which Tenant shall pay, Tenant's Allocable Share of Reimbursable Operating Costs shall be computed by multiplying the Reimbursable Operating Costs by a fraction, the numerator of which is the rentable square footage of the Premises and the denominator of which is either the total rentable square footage of the Building if the service or cost is allocable only to the Building, or the total square footage of the buildings completed within the Project if the service or cost is allocable to the entire Project. Tenant's obligation to share in Reimbursable Operating Costs shall be adjusted to reflect the Lease Commencement and Expiration dates and is subject to recalculation in the event of expansion of the Building or Project.

F. Exclusions to Reimbursable Operating Costs: Notwithstanding anything to the contrary contained in this Lease, the following costs and expenses shall not be included within Reimbursable Operating Costs: (i) Leasing commissions, attorneys' fees, costs, disbursements, and other expenses incurred in connection with negotiations or disputes with tenants, or in connection with leasing, renovating, or improving space for tenants or

other occupants or prospective tenants or other occupants of the Project; (ii) The cost of any service sold to any tenant (including Tenant) or other occupant for which Landlord is entitled to be reimbursed as an additional charge or rental over and above the basic rent and escalations payable under the lease with that tenant; (iii) Any depreciation on the Project; (iv) Expenses in connection with services or other benefits of a type that are not provided to Tenant but which are provided another tenant or occupant of the Project; (v) Costs incurred due to Landlord's violation of any terms or conditions of the Declaration, this Lease or any other lease relating to the Project; (vi) Overhead profit increments paid to Landlord's subsidiaries or affiliates for services on or to the building or for supplies or other materials to the extent that the cost of the services, supplies, or materials exceeds the cost that would have been paid had the services, supplies, or materials been provided by unaffiliated parties on a competitive basis; (vii) All interest, loan fees, and other carrying costs related to any mortgage or deed of trust or related to any capital item, and all rental and other payable due under any ground or underlying lease, or any lease for any equipment ordinarily considered to be of a capital nature (except janitorial equipment which is not affixed to the Project.); (viii) Any compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord; (ix) Advertising and promotional expenditures; (x) Costs of repairs and other work occasioned by fire, windstorm, or other casualty of a nature required to be insured against under this Lease in excess of the deductible; (xi) Any costs, fines, or penalties incurred due to violations by Landlord of any governmental rule or authority, this Lease or any other lease in the Project, or due to Landlord's negligence or willful misconduct; (xii) Property management fees; (xiii) Costs for sculpture, paintings, or other objects of art (and insurance thereon or extraordinary security in connection therewith); (xiv) The cost of correcting any building code or other violations which were violations prior to the Commencement Date of this Lease; (xv) The cost of containing, removing, or otherwise remediating any contamination of the Project (including the underlying land and ground water) by any Hazardous Materials where such contamination was not caused by Tenant.

F. Waiver of Liability: Failure by Landlord to perform any defined services, or any cessation thereof, when such failure is caused by accident, breakage, repairs, strikes, lockout or other labor disturbances or labor disputes of any character or by any other cause, similar or dissimilar, shall not render Landlord liable to Tenant in any respect, including damages to either person or property, nor be construed as an eviction of Tenant, nor cause an abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. Should any equipment or machinery utilized in supplying the services listed herein break down or for any cause cease to function properly, upon receipt of written notice from Tenant of any deficiency or failure of any services, Landlord shall use reasonable diligence to repair the same promptly, but Tenant shall have no right to terminate this Lease and shall have no claim for rebate of rent or damages on account of any interruptions in service occasioned thereby or resulting therefrom. Tenant waives the provisions of California Civil Code Sections 1941 and 1942 concerning the Landlord's obligation of tenantability and Tenant's right to make repairs and deduct the cost of such repairs from the rent. Landlord shall not be liable for a loss of or injury to person or property, however occurring, through or in connection with or incidental to furnishing, or its failure to furnish, any of the foregoing unless causes by its gross negligence or willful misconduct.

G. Tenant's Right to Audit: Tenant shall have the right to audit at Landlord's local offices, at Tenant's expense, Landlord's accounts and records relating to Reimbursable Operating Costs. Such audit shall be conducted by a certified public accountant approved by Landlord, which approval shall not be unreasonably withheld. If such audit reveals that Landlord has overcharged Tenant, the amount overcharged shall be paid to

Tenant within 30 days after the audit is concluded, together with interest thereon at the rate of ten percent (10.0%) per annum, from the date paid by Tenant until payment of the overcharge is made to Tenant. In addition, if the amount paid by Tenant exceeds the Reimbursable Operating Costs which should have been charged to Tenant by more than five percent (5.0%), the cost of the audit shall be paid by Landlord.

9. HAZARD INSURANCE:

A. Tenant's Use: Tenant shall not use or permit the Premises, or any part thereof, to be used for any purpose other than that for which the Premises are hereby leased; and no use of the Premises shall be made or permitted, nor acts done, which will cause an increase in premiums or a cancellation of any insurance policy covering the Project or any part thereof, nor shall Tenant sell or permit to be sold, kept, or used in or about the Premises, any article prohibited by the standard form of fire insurance policies. Tenant shall, at its sole cost, comply with all requirements of any insurance company or organization necessary for the maintenance of reasonable fire and public liability insurance covering the Premises and appurtenances.

B. Landlord's Insurance: Landlord agrees to purchase and keep in force fire, extended coverage insurance in an amount equal to the replacement cost of the Building as determined by Landlord's insurance company's appraisers. If required by the holder of the first deed of trust on the property, such fire and property damage insurance may be endorsed to cover loss caused by such additional perils against which Landlord may elect to insure, including earthquake and/or flood, and shall contain reasonable deductibles which, in the case of earthquake and flood insurance may be up to 15% of the replacement value of the property. Additionally Landlord may maintain a policy of (i) commercial general liability insurance insuring Landlord (and such others designated by Landlord) against liability for personal injury, bodily injury, death and damage to property occurring or resulting from an occurrence in, on or about the Premises or Project in an amount as Landlord determines is reasonably necessary for its protection, and (ii) rental lost insurance covering a twelve (12) month period. Tenant agrees to pay Landlord as additional rent, on demand, the full cost of said insurance and any insurance costs allocable to the Building pursuant to the Declaration as evidenced by insurance billings to Landlord, and in the event of damage covered by said insurance, the amount of any commercially reasonable deductible under such policy. Payment shall be due to Landlord within thirty (30) days after written invoice to Tenant. It is understood and agreed that Tenant's obligation under this Section will be prorated to reflect the Lease Commencement and Expiration Dates. Tenant acknowledges and agrees that the Association formed pursuant to the Declaration may procure all or any portion of the insurance required to be maintained by Landlord under this Lease on behalf of Landlord and in discharge of Landlord's obligation to procure such insurance under this Lease, under one or more policies procured by the Association from time to time for the benefit of Landlord and other owners of any portion of the Project, the cost of which shall be paid by Tenant pursuant to this section 9.B, provided that the cost to Tenant shall not be greater than that which Tenant would have had to pay if Landlord obtained such coverage directly.

C. Tenant's Insurance: Tenant agrees, at its sole cost, to insure its personal property, Tenant Improvements and Alterations for their full replacement value (without depreciation) and to obtain worker's compensation and public liability and property damage insurance for occurrences within the Premises with a combined single limit of not less than Five Million Dollars ($5,000,000.00). Tenant's liability insurance shall be primary insurance containing a cross-liability endorsement, and shall provide coverage on an "occurrence" rather than on a "claims made" basis. Tenant shall name Master Landlord, Landlord and their respective lenders as an additional insured and shall deliver evidence of insurance and renewal certificates to Landlord. All such policies shall provide for thirty (30) days' prior written notice to Landlord of any cancellation, termination, or reduction in coverage.

D. Waiver: Landlord and Tenant hereby waive all rights each may have against the other on account of any loss or damage sustained by Landlord or Tenant, as the case may be, or to the Premises or its contents, which may arise from any risk covered by their respective insurance policies (or which would have been covered had such insurance policies been maintained in accordance with this Lease) as set forth above. The parties shall use their reasonable efforts to obtain from their respective Insurance companies a waiver of any right of subrogation which said insurance company may have against Landlord, Master Landlord or Tenant, as the case may be.

10. TAXES: Tenant shall be liable for and shall pay as additional rental, prior to delinquency, the following: (i) all taxes and assessments levied against Tenant's personal property and trade or business fixtures; (ii) all real estate taxes and assessment installments or other impositions or charges which may be levied on the Premises or upon the occupancy of the Premises, including any substitute or additional charges which may be imposed applicable to the Lease Term; and (iii) real estate tax increases due to an increase in assessed value resulting from a sale, transfer or other change of ownership of the Premises as it appears on the City and County tax bills during the Lease Term. Tenant's obligation under this Section shall be prorated to reflect the Lease Commencement and Expiration Dates. If, at any time during the Lease Term a tax, excise on rents, business license tax or any other tax, however described, is levied or assessed against Landlord as a substitute or addition, in whole or in part, for taxes assessed or imposed on land or Buildings, Tenant shall pay and discharge its pro rata share of such tax or excise on rents or other tax before it becomes delinquent; except that this provision is not intended to cover net income taxes, inheritance, gift or estate tax imposed upon Landlord. In the event that a tax is placed, levied, or assessed against Landlord and the taxing authority takes the position that Tenant cannot pay and discharge its pro rata share of such tax on behalf of Landlord, then at Landlord's sole election, Landlord may increase the Base Monthly Rent by the exact amount of such tax and Tenant shall pay such increase. If by virtue of any application or proceeding brought by or on behalf of Landlord, there results a reduction in the assessed value of the Premises during the Lease Term, Tenant agrees to reimburse Landlord for all costs incurred by Landlord in connection with such application or proceeding, not to exceed the amount of any savings realized by Tenant. In the event the Project is not subdivided as provided in Section 2.C and the tax bill covers the entire Project, the real estate taxes and assessments shall be prorated as provided in Section 8.E.

11. UTILITIES: Tenant shall pay directly to the providing utility all water, gas, electric, telephone, and other utilities supplied to the Premises. Landlord shall not be liable for loss of or injury to person or property, however occurring, through or in connection with or incidental to furnishing or the utility company's failure to furnish utilities to the Premises unless caused by Landlord's gross negligence of willful misconduct, and Tenant shall not be entitled to abatement or reduction of any portion of Base Monthly Rent or any other amount payable under this Lease.

12. TOXIC WASTE AND ENVIRONMENTAL DAMAGE:

A. Tenant's Responsibility: Without the prior written consent of Landlord, Tenant shall not bring, use, or permit upon the Premises, or generate, create, release, emit, or dispose (nor permit any of the same) from the Premises any chemicals, toxic or hazardous gaseous, liquid or solid materials or waste, including without limitation, material or substance having characteristics of ignitability, corrosivity, reactivity, or toxicity or substances or materials which are listed on any of the Environmental Protection Agency's lists of hazardous wastes or which are identified in Division 22 Title 26

of the California Code of Regulations as the same may be amended from time to time or any wastes, materials or substances which are or may become regulated by or under the authority of any applicable local, state or federal laws, judgments, ordinances, orders, rules, regulations, codes or other governmental restrictions, guidelines or requirements. ("Hazardous Materials") except for those substances customary in typical office uses for which no consent shall be required. In order to obtain consent, Tenant shall deliver to Landlord its written proposal describing the toxic material to be brought onto the Premises, measures to be taken for storage and disposal thereof, safety measures to be employed to prevent pollution of the air, ground, surface and ground water. Landlord's approval may be withheld in its reasonable judgment. In the event Landlord consents to Tenant's use of Hazardous Materials on the Premises or such consent is not required, Tenant represents and warrants that it shall comply with all Governmental Regulations applicable to Hazardous Materials including doing the following: (i) adhere to all reporting and inspection requirements imposed by Federal, State, County or Municipal laws, ordinances or regulations and will provide Landlord a copy of any such reports or agency inspections; (ii) obtain and provide Landlord copies of all necessary permits required for the use and handling of Hazardous Materials on the Premises; (iii) enforce Hazardous Materials handling and disposal practices consistent with industry standards; (iv) surrender the Premises free from any Hazardous Materials arising from Tenant's bringing, using, permitting, generating, creating, releasing, emitting or disposing of Hazardous Materials; and (v) properly close the facility with regard to Hazardous Materials including the removal or decontamination of any process piping, mechanical ducting, storage tanks, containers, or trenches which have come into contact with Hazardous Materials and obtain a closure certificate from the local administering agency prior to the Expiration Date.

B. Tenant's Indemnity Regarding Hazardous Materials: Tenant shall, at its sole cost and expense, comply with all laws pertaining to, and shall with counsel reasonably acceptable to Landlord, indemnify, defend and hold harmless Landlord, Master Landlord and their trustees, shareholders, directors, officers, employees, partners, affiliates, and agents from, any claims, liabilities, costs or expenses incurred or suffered by Landlord arising from the bringing, using, permitting, generating, emitting or disposing of Hazardous Materials by Tenant or a third party through the surface soils of the Premises during the Lease Term or the violation of any Governmental Regulation or environmental law, by Tenant or Tenant's Agents. Tenant's indemnification and hold harmless obligations include, without limitation, the following arising from the bringing, using, permitting, generating, emitting or disposing of Hazardous Materials by Tenant or a third party through the surface soils of the Premises during the Lease Term or the violation of any Governmental Regulation or environmental law, by Tenant or Tenant's Agents.: (i) claims, liability, costs or expenses resulting from or based upon administrative, judicial (civil or criminal) or other action, legal or equitable, brought by any private or public person under common law or under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource Conservation and Recovery Act of 1980 ("RCRA") or any other Federal, State, County or Municipal law, ordinance or regulation; (ii) claims, liabilities, costs or expenses pertaining to the identification, monitoring, cleanup, containment, or removal of Hazardous Materials from soils, riverbeds or aquifers including the provision of an alternative public drinking water source; (iii) all costs of defending such claims; (iv) losses attributable to diminution in the value of the Premises or the Building; (v) loss or restriction of use of rentable space in the Building; (vi) Adverse effect on the marketing of any space in the Building; and (vi) all other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders or judgments), damages (including consequential and punitive damages), and costs (including attorney, consultant, and expert fees and expenses) resulting from the release or violation. This indemnification shall survive the expiration or termination o this Lease.

C. Landlord's Indemnity Regarding Hazardous Materials: Landlord shall with counsel reasonably acceptable to Tenant, indemnify, defend and hold harmless Tenant and Tenant's shareholders, directors, officers, employees, partners, affiliates, and agents from, any claims, liabilities, costs or expenses incurred or suffered by Tenant arising from the bringing, using, permitting, generating, emitting or disposing of Hazardous Materials by Landlord or the violation of any Governmental Regulation or environmental law, by Landlord or Landlord's Agents. Landlord's indemnification and hold harmless obligations include, without limitation, the following: (i) claims, liability, costs or expenses resulting from or based upon administrative, judicial (civil or criminal) or other action, legal or equitable, brought by any private or public person under common law or under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource Conservation and Recovery Act of 1980 ("RCRA") or any other Federal, State, County or Municipal law, ordinance or regulation; (ii) claims, liabilities, costs or expenses pertaining to the identification, monitoring, cleanup, containment, or removal of Hazardous Materials from soils, riverbeds or aquifers including the provision of an alternative public drinking water source; (iii) all costs of defending such claims; and (iv) all other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders or judgments), damages (including consequential and punitive damages), and costs (including attorney, consultant, and expert fees and expenses) resulting from the release or violation. This indemnification shall survive the expiration or termination o this Lease.

C. Actual Release by Tenant: Tenant agrees to notify Landlord of any lawsuits or orders which relate to the remedying of or actual release of Hazardous Materials on or into the soils or ground water at or under the Premises. Tenant shall also provide Landlord all notices required by Section 25359.7(b) of the Health and Safety Code and all other notices required by law to be given to Landlord in connection with Hazardous Materials. Without limiting the foregoing, each party shall also deliver to the other party, within twenty (20) days after receipt thereof, any written notices from any governmental agency alleging a material violation of, or material failure to comply with, any federal, state or local laws, regulations, ordinances or orders, the violation of which or failure to comply with poses a foreseeable and material risk of contamination of the ground water or injury to humans (other than injury solely to Tenant, Tenant's Agents and employees within the Building).

In the event of any release on or into the Premises or into the soil or ground water under the Premises, the Building or the Project of any Hazardous Materials used, treated, stored or disposed of by Tenant or Tenant's Agents, Tenant agrees to comply, at its sole cost, with all laws, regulations, ordinances and orders of any federal, state or local agency relating to the monitoring or remediation of such Hazardous Materials. In the event of any such release of Hazardous Materials Tenant shall immediately give verbal and follow-up written notice of the release to Landlord, and Tenant agrees to meet and confer with Landlord and its Lender to attempt to eliminate and mitigate any financial exposure to such Lender and resultant exposure to Landlord under California Code of Civil Procedure Section 736(b) as a result of such release, and promptly to take reasonable monitoring, cleanup and remedial steps given, inter alia, the historical uses to which the Property has and continues to be used, the risks to public health posed by the release, the then available technology and the costs of remediation, cleanup and monitoring, consistent with acceptable customary practices

for the type and severity of such contamination and all applicable laws. Nothing in the preceding sentence shall eliminate, modify or reduce the obligation of Tenant under 12.B of this Lease to indemnify and hold Landlord and Master Landlord harmless from any claims liabilities, costs or expenses incurred or suffered by them rising from the bringing, using, permitting, generating, emitting or disposing of Hazardous Materials by Tenant or a third party through the surface soils of the Premises during the Lease Term or the violation of any Governmental Regulation or environmental law, by Tenant or Tenant's Agents. Tenant shall provide Landlord prompt written notice of Tenant's monitoring, cleanup and remedial steps.

In the absence of an order of any federal, state or local governmental or quasi-governmental agency relating to the cleanup, remediation or other response action required by applicable law, any dispute arising between Landlord and Tenant concerning Tenant's obligation to Landlord under this Section 12.C concerning the level, method, and manner of cleanup, remediation or response action required in connection with such a release of Hazardous Materials shall be resolved by mediation and/or arbitration pursuant to the provisions of Section 21.E of this Lease.

D. Environmental Monitoring: Landlord and its agents shall have the right to inspect, investigate, sample and monitor the Premises including any air, soil, water, ground water or other sampling or any other testing, digging, drilling or analysis to determine whether Tenant is complying with the terms of this Section 12 provided reasonable grounds to suspect a violation exist. If Landlord discovers that Tenant is not in compliance with the terms of this Section 12, any such reasonable costs incurred by Landlord, including attorneys' and consultants' fees, shall be due and payable by Tenant to Landlord within thirty (30) days following Landlord's written demand therefore.

13. TENANT'S DEFAULT: The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant: (i) Tenant's failure to pay any rent including additional rent or any other payment due under this Lease within ten (10) days following Landlord's notice of nonpayment, (ii) the abandonment of the Premises by Tenant; (iii) Tenant's failure to observe and perform any other required provision of this Lease, where such failure continues for thirty (30) days after written notice from Landlord, provided, however, that if the nature of the default is such that it cannot reasonably be cured within the 30-day period, Tenant shall not be deemed in default if it commences within such period to cure, and thereafter diligently prosecutes the same to completion; (iv) Tenant's making of any general assignment for the benefit of creditors; (v) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed after the filing); (vi) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; (vii) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days; (viii) a default by Tenant under the Building 1 Lease (if then leased by Tenant from Landlord), or (ix) a default by Tenant under the Building 3 Lease (if leased by Tenant from Landlord).

A. Remedies: In the event of any such default by Tenant, then in addition to other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event Landlord elects to so terminate this Lease, Landlord may recover from Tenant all the following: (i) the worth at time of award of any unpaid rent which had been earned at the time of such termination; (ii) the worth at 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 rental loss for the same period that Tenant proves could have been reasonably avoided; (iii) the worth at time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; (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 of things would be likely to result therefrom; including the following: (x) reasonable expenses for repairing, altering or remodeling the Premises if such expenses are necessary to relet the Premises, (y) reasonable broker's fees, advertising costs or other expenses of reletting the Premises, and (z) costs of carrying the Premises such as taxes, insurance premiums, utilities and security precautions and assessments due under the Declaration, and (v) at Landlord's election, such other reasonable amounts in addition to or in lieu of the foregoing as may be permitted by applicable California law. The term "rent", as used herein, is defined as the minimum monthly installments of Base Monthly Rent and all other sums required to be paid by Tenant pursuant to this Lease, all such other sums being deemed as additional rent due hereunder. As used in (i) and (ii) above, "worth at the time of award" shall be computed by allowing interest at a rate equal to the discount rate of the Federal Reserve Bank of San Francisco plus five (5%) percent per annum. As used in (iii) above, "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one (1%) percent.

B. Right to Re-enter: In the event of any such default by Tenant, Landlord shall have the right, after terminating this Lease, to reenter the Premises and remove all persons and property. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and disposed of by Landlord in any manner permitted by law.

C. Abandonment: If Landlord does not elect to terminate this Lease as provided in Section 13.A or 13.B above, then the provisions of California Civil Code Section 1951.4, (Landlord may continue the lease in effect after Tenant's breach and abandonment and recover rent as it becomes due if Tenant has a right to sublet and assign, subject only to reasonable limitations) as amended from time to time, shall apply and Landlord may from time to time, without terminating this Lease, either recover all rental as it becomes due or relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs to the Premises. In the event that Landlord elects to so relet, rentals received by Landlord from such reletting shall be applied in the following order to: (i) the payment of any indebtedness other than Base Monthly Rent due hereunder from Tenant to Landlord; (ii) the payment of any cost of such reletting; (iii) the payment of the cost of any alterations and repairs to the Premises; and (iv) the payment of Base Monthly Rent due and unpaid hereunder. The residual rentals, if any, shall be held by Landlord and applied in payment of future Base Monthly Rent as the same may become due and payable hereunder. Landlord shall the obligation to market the space but shall have no obligation to relet the Premises following a default if Landlord has other comparable available space within the Building or Project. In the event the portion of rentals received from such reletting which is applied to the payment of rent hereunder during any month be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any reasonable costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

D. No Termination: Landlord's re-entry or taking possession of the Premises pursuant to 13.B or 13.C shall not be construed as an election to terminate this Lease unless written notice of such intention is given to Tenant or unless the termination is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such default.

E. Non-Waiver: Landlord may accept Tenant's payments without waiving any rights under this Lease, including rights under a previously served notice of default. No payment by Tenant or receipt by Landlord of a lesser amount than any installment of rent due shall be deemed as other than payment on account of the amount due. If Landlord accepts payments after serving a notice of default, Landlord may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default without giving Tenant any further notice or demand. Furthermore, the Landlord's acceptance of rent from the Tenant when the Tenant is holding over without express written consent does not convert Tenant's Tenancy from a tenancy at sufferance to a month to month tenancy. No waiver of any provision of this Lease shall be implied by any failure of Landlord to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Landlord of any provision of this Lease must be in writing. Such waiver shall affect only the provision specified and only for the time and in the manner stated in the writing. No delay or omission in the exercise of any right or remedy by Landlord shall impair such right or remedy or be construed as a waiver thereof by Landlord. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute acceptance of the surrender of the Premises by Tenant before the Expiration Date. Only written notice from Landlord to Tenant of acceptance shall constitute such acceptance of surrender of the Premises. Landlord's consent to or approval of any act by Tenant which requires Landlord's consent or approvals shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

F. Performance by Landlord: If Tenant fails to perform any obligation required under this Lease or by law or governmental regulation, Landlord in its sole discretion may, following notice and expiration of the applicable cure period, without waiving any rights or remedies and without releasing Tenant from its obligations hereunder, perform such obligation, in which event Tenant shall pay Landlord as additional rent all sums paid by Landlord in connection with such substitute performance, including interest at the Agreed Interest Rate within thirty (30) days of Landlord's written notice for such payment.

14. LANDLORD'S LIABILITY:

A. Limitation on Landlord's Liability: In the event of Landlord's failure to perform any of its covenants or agreements under this Lease, Tenant shall give Landlord written notice of such failure and shall give Landlord thirty (30) days to cure or commence to cure such failure prior to any claim for breach or resultant damages, provided, however, that if the nature of the default is such that it cannot reasonably be cured within the 30-day period, Landlord shall not be deemed in default if it commences within such period to cure, and thereafter diligently prosecutes the same to completion. In addition, upon any such failure by Landlord, Tenant shall give notice by registered or certified mail to any person or entity with a security interest in the Premises ("Mortgagee") that has provided Tenant with notice of its interest in the Premises, and shall provide Mortgagee a reasonable opportunity to cure such failure, including such time to obtain possession of the Premises by power of sale or judicial foreclosure, if such should prove necessary to effectuate a cure. Tenant agrees that each of the Mortgagees to whom this Lease has been assigned is an expressed

third-party beneficiary hereof. Tenant waives any right under California Civil Code Section 1950.7 or any other present or future law to the collection of any payment or deposit from Mortgagee or any purchaser at a foreclosure sale of Mortgagee's interest unless Mortgagee or such purchaser shall have actually received and not refunded the applicable payment or deposit. Tenant Further waives any right to terminate this Lease and to vacate the Premises on Landlord's default under this Lease. Tenant's sole remedy on Landlord's default is an action for damages or injunctive or declaratory relief.

B. Limitation on Tenant's Recourse: If Landlord is a corporation trust, partnership, joint venture, unincorporated association or other form of business entity: (i) the obligations of Landlord shall not constitute personal obligations of the officers, directors, trustees, partners, joint venturers, members, owners, stockholders, or other principals or representatives except to the extent of their interest in the Premises. Tenant shall have recourse only to the interest of Landlord in the Premises or for the satisfaction of the obligations of Landlord and shall not have recourse to any other assets of Landlord for the satisfaction of such obligations.

C. Indemnification of Landlord: As a material part of the consideration rendered to Landlord, Tenant hereby waives all claims against Landlord except to the extent caused by Landlord's gross negligence, willful misconduct or a breach of this Lease for damages to goods, wares and merchandise, and all other personal property in, upon or about said Premises and for injuries to persons in or about said Premises, from any cause arising at any time to the fullest extent permitted by law, and Tenant shall indemnify and hold Landlord, Master Landlord and their shareholders, directors, officers, trustees, employees, partners, affiliates and agents exempt and harmless from any damage or injury to any person, or to the goods, wares and merchandise and all other personal property of any person, arising from the use of the Premises, Building, and/or Project by Tenant and Tenant's Agents or from the failure of Tenant to keep the Premises in good condition and repair as herein provided, except to the extent due to the gross negligence or willful misconduct of Landlord. Further, in the event Landlord is made party to any litigation due to the acts or omission of Tenant and Tenant's Agents, Tenant will indemnify, defend (with counsel reasonably acceptable to Landlord) and hold Landlord harmless from any such claim or liability including Landlord's costs and expenses and reasonable attorney's fees incurred in defending such claims except to the extent due to the gross negligence or willful misconduct of Landlord.

15. DESTRUCTION OF PREMISES:

A. Landlord's Obligation to Restore: In the event of a destruction of the Premises during the Lease Term Landlord shall repair the same to the approximate condition which existed prior to such destruction. Such destruction shall not annul or void this Lease; however, Tenant shall be entitled to a proportionate reduction of Base Monthly Rent while repairs are being made, such proportionate reduction to be based upon the extent to which the repairs interfere with Tenant's business in the Premises, as reasonably determined by the Parties. In no event shall Landlord be required to replace or restore Alterations, Tenant Improvements, Tenant's fixtures or personal property. With respect to a destruction which Landlord is obligated to repair or may elect to repair under the terms of this Section, Tenant waives the provisions of Section 1932, and Section 1933, Subdivision 4, of the Civil Code of the State of California, and any other similarly enacted statute, and the provisions of this Section 15 shall govern in the case of such destruction. If Landlord is required to repair the Premises in the event of destruction pursuant to this Lease, Landlord agrees that it will not vote under the Declaration in favor or not repairing the Premises or Common Area.

B. Limitations on Landlord's Restoration Obligation: Notwithstanding the provisions of Section 15.A, Landlord shall have no obligation to repair, or restore the Premises if any of the following occur: (i) if the repairs cannot be made in three hundred sixty five (365) days from the date of receipt of all governmental approvals necessary under the laws and regulations of State, Federal, County or Municipal authorities, as reasonably determined by Landlord, (ii) if the holder of the first deed of trust or mortgage encumbering the Building elects not to permit the insurance proceeds payable upon damage or destruction to be used for such repair or restoration, (iii) the damage or destruction is not fully covered by the insurance maintained by Landlord, (iv) the damage or destruction occurs in the last twenty four (24) months of the Lease Term (unless Tenant commits to exercise any available option to extend the Lease Term pursuant to Section 18 of this Lease), (v) Tenant is in default pursuant to the provisions of Section 13 beyond expiration of the applicable cure period, (vi) Tenant has vacated the Premises for more than ninety (90) days, or (vii) if repair of the Common Area is necessary before repairs to the Premises can be performed and Landlord reasonably determines that repairs to the Common Area will not be made within one hundred eighty (180) days after the date of the damage and destruction. In any such event Landlord may elect either to (i) complete the repair or restoration, or (ii) terminate this Lease by providing Tenant written notice of its election within sixty (60) days following the damage or destruction.

C. Tenant's Rights with Respect to a Destruction of the Premises: Notwithstanding anything to the contrary contained in this Lease: Landlord shall give notice to Tenant of its election to rebuild or not to rebuild the Premises within thirty (30) days of casualty to the Premises and such notice shall specify Landlord's architect's or engineer's reasonable estimate as to the time required to rebuild or restore the Premises. If, in the reasonable opinion of Landlord's architect or engineer, the Premises will take longer than three hundred sixty five (365) days to rebuild or restore and Landlord has elected to perform such rebuilding or restoration, Tenant may, notwithstanding Landlord's election, terminate this Lease by written notice to Landlord of such termination within five (5) days after its receipt of Landlord's notice. Such termination shall be effective thirty (30) days after the giving of Tenant's notice. If Landlord fails to restore the Premises (including reasonable means of access thereto) within a period which is sixty (60) days longer than the period stated in Landlord's notice to Tenant as the estimated rebuilding period, 'Tenant, at any time thereafter until such rebuilding is completed, may terminate this Lease by delivering written notice to Landlord of such termination, in which event this Lease shall terminate as of the date of the giving of such notice. If casualty to the Premises occurs within the last twenty-four months of the term and the period in which Tenant is obligated to exercise its option to renew the term pursuant to Section 18 has not expired, Tenant shall have thirty (30) days after the date of casualty in which to notify Landlord of its election to exercise such renewal option. If Tenant elects to renew the term as provided above, Landlord shall have no right to terminate the Lease pursuant to this Section 15.

16. CONDEMNATION: If any part of the Premises shall be taken for any public or quasi-public use, under any statute or by right of eminent domain or private purchase in lieu thereof, and only a part thereof remains which is susceptible of occupation hereunder, this Lease shall, as to the part so taken, terminate as of the day before title vests in the condemnor or purchaser ("Vesting Date") and Base Monthly Rent payable hereunder shall be adjusted so that Tenant is required to pay for the remainder of the Lease Term only such portion of Base Monthly Rent as the value of the part remaining after such taking bears to the value of the entire Premises prior to such taking. If all of the Premises or such part thereof be taken so that there does not remain a portion susceptible for occupation hereunder, this Lease shall terminate on the Vesting Date. If part or all of the Premises be taken, all compensation awarded upon such taking shall go to Landlord, and Tenant shall have no claim thereto; but Landlord shall cooperate with

Tenant, without cost to Landlord, to recover compensation for damage to or taking of any Alterations, Tenant Improvements, or for Tenant's moving costs. Tenant hereby waives the provisions of California Code of Civil Procedures Section 1265.130 and any other similarly enacted statue, and the provisions of this Section 16 shall govern in the case of such taking.

17. ASSIGNMENT OR SUBLEASE:

A. Consent by Landlord: Except as specifically provided in this Section 17.E, Tenant may not assign, sublet, hypothecate, or allow a third party to use the Premises without the express written consent of Landlord which shall not be unreasonably withheld, conditioned or delayed. Except in connection with a Permitted Transfer, in the event Tenant desires to assign this Lease or any interest herein including, without limitation, a pledge, mortgage or other hypothecation, or sublet the Premises or any part thereof, Tenant shall deliver to Landlord (i) executed counterparts of any agreement and of all ancillary agreements with the proposed assignee/subtenant, (ii) current financial statements of the transferee covering the preceding three years if available, (iii) the nature of the proposed transferee's business to be carried on in the Premises, (iv) a statement outlining all consideration to be given on account of the Transfer, and (v) a current financial statement of Tenant. Landlord may condition its approval of any Transfer to a certification from both Tenant and the proposed transferee of all consideration to be paid to Tenant in connection with such Transfer. At Landlord's request, Tenant shall also provide additional information reasonably required by Landlord to determine whether it will consent to the proposed assignment or sublease. Landlord shall have a fifteen business (15) day period following receipt of all the foregoing within which to notify Tenant in writing that Landlord elects to: (i) terminate this Lease in the event of an assignment only; (ii) permit Tenant to assign or sublet such space to the named assignee/subtenant on the terms and conditions set forth in the notice; or (iii) refuse consent. If Landlord should fail to notify Tenant in writing of such election within the 15-day period, Landlord shall be deemed to have elected option (ii) above. In the event Landlord elects option (i) above, this Lease shall expire with respect to such part of the Premises on the date upon which the proposed sublease was to commence, and from such date forward, Base Monthly Rent and Tenant's Allocable Share of all other costs and charges shall be adjusted based upon the proportion that the rentable area of the Premises remaining bears to the total rentable area of the Premises. In the event Landlord elects option (ii) above, Landlord's written consent to the proposed assignment or sublease shall not be unreasonably withheld, provided and upon the condition that: (i) the proposed assignee or subtenant is engaged in a business that is limited to the use expressly permitted under this Lease; (ii) the proposed assignee or subtenant is a company with sufficient financial worth and management ability to undertake the financial obligation of this Lease and Landlord has been furnished with reasonable proof thereof; (iii) the proposed assignment or sublease is in form reasonably satisfactory to Landlord; (iv) Tenant reimburses Landlord on demand for any reasonable costs that may be incurred by Landlord in connection with said assignment or sublease, including the costs of making investigations as to the acceptability of the proposed assignee or subtenant and legal costs incurred in connection with the granting of any requested consent; and (vi) Tenant shall not have advertised or publicized in any way the availability of the Premises without prior notice to Landlord. In the event all or any one of the foregoing conditions are not satisfied, Landlord shall be considered to have acted reasonably if it withholds its consent.

B. Assignment or Subletting Consideration: Any rent or other economic consideration realized by Tenant under any sublease and assignment, in excess of the rent payable hereunder after deducting (i) reasonable subletting and assignment costs (ii) the Monthly Amortized Cost (defined below) of the Tenant Improvements paid by Tenant,

and (iii) any economic consideration received by Tenant for services rendered or personal property sold or leased, shall be divided and paid fifty percent (50%) to Landlord and fifty percent (50%) to Tenant. Monthly Amortized Cost shall be determined by taking sum paid by Tenant for the Tenant Improvements installed in the Building and dividing this sum by one hundred forty four (144) months. Tenant's obligation to pay over Landlord's portion of the consideration constitutes an obligation for additional rent hereunder. The above provisions relating to Landlord's right to terminate the Lease and relating to the allocation of bonus rent are independently negotiated terms of the Lease which constitute a material inducement for the Landlord to enter into the Lease, and are agreed by the parties to be commercially reasonable. No assignment or subletting by Tenant shall relieve it of any obligation under this Lease. Any assignment or subletting except in connection with a Permitted Transfer which conflicts with the provisions hereof shall be void.

C. No Release: Any assignment or sublease except in connection with a Permitted Transfer shall be made only if and shall not be effective until the assignee or subtenant shall execute, acknowledge, and deliver to Landlord an agreement, in form and substance satisfactory to Landlord, whereby the assignee or subtenant shall assume all the obligations of this Lease on the part of Tenant to be performed or observed and shall be subject to all the covenants, agreements, terms, provisions and conditions in this Lease. Notwithstanding any such sublease or assignment and the acceptance of rent by Landlord from any subtenant or assignee, Tenant and any guarantor shall remain fully liable for the payment of Base Monthly Rent and additional rent due, and to become due hereunder, for the performance of all the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and for all acts and omissions of any licensee, subtenant, assignee or any other person claiming under or through any subtenant or assignee that shall be in violation of any of the terms and conditions of this Lease, and any such violation shall be deemed a violation by Tenant. Tenant shall indemnify, defend and hold Landlord harmless from and against all losses, liabilities, damages, costs and expenses (including reasonable attorney fees) resulting from any claims that may be made against Landlord by the proposed assignee or subtenant or by any real estate brokers or other persons claiming compensation in connection with the proposed assignment or sublease, unless caused by Landlord's breach of this Lease.

D. Reorganization of Tenant: The provisions of this Section 17.D shall apply if Tenant is a corporation and: (i) there is a dissolution, merger, consolidation, or other reorganization of or affecting Tenant, where Tenant is not the surviving corporation, or (ii) there is a sale or transfer to one person or entity (or to any group of related persons or entities) of stock possessing more than 50% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors, and after such sale or transfer of stock Tenant's stock is no longer publicly traded. In a transaction under clause (i) the surviving corporation shall promptly execute and deliver to Landlord an agreement in form reasonably satisfactory to Landlord under which such corporation assumes the obligations of Tenant hereunder, and in a transaction under clause (ii) the transferee shall promptly execute and deliver to Landlord an agreement in form reasonably satisfactory to Landlord under which such transferee assumes the obligations of Tenant to the extent accruing after such transferee's acquisition of Tenant's stock possessing more than 50% of the total combined voting of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors.

E. Permitted Transfers: Notwithstanding anything contained in this Section 17, Tenant may enter into any of the following transfers (a "Permitted Transfer") without Landlord's prior consent, and Landlord shall not be entitled to terminate the Lease or to receive

any part of any subrent resulting therefrom that would otherwise be due pursuant to Sections 17.A and 17.B. Tenant may sublease all or part of the Premises or assign its interest in this Lease to (i) any person or entity which controls, is controlled by, or is under common control with the original Tenant to this Lease by means of an ownership interest of more than 50%; (ii) any person or entity which results from a merger, consolidation or other reorganization in which Tenant is not the survivor, so long as the survivor has a net worth at the time of such transfer sufficient to enable it to meet its obligations under this Lease; and (iii) any person or entity which purchases or otherwise acquires all or substantially all of the assets of Tenant so long as such acquiring person or entity has a net worth at the time of such transfer that is sufficient at the time of such transfer to enable it to meet its obligations under this Lease.

F. Effect of Default: In the event of Tenant's default, Tenant hereby assigns all rents due from any assignment or subletting to Landlord as security for performance of its obligations under this Lease, and Landlord may collect such rents as Tenant's Attorney-in-Fact, except that Tenant may collect such rents unless a default occurs as described in Section 13 above. A Lease termination due to Tenant's default shall not automatically terminate an assignment or sublease then in existence; rather at Landlord's election, such assignment or sublease shall survive the Lease termination, the assignee or subtenant shall attorn to Landlord, and Landlord shall undertake the obligations of Tenant under the sublease or assignment; except that Landlord shall not be liable for prepaid rent, security deposits or other defaults of Tenant to the subtenant or assignee, or for any acts or omissions of Tenant and Tenant's Agents.

G. Conveyance by Landlord: As used in this Lease, the term "Landlord" is defined only as the owner for the time being of the Premises, so that in the event of any sale or other conveyance of the Premises or in the event of a master lease of the Premises, Landlord shall be entirely freed and relieved of all its covenants and obligations hereunder, and it shall be deemed and construed, without further agreement between the parties and the purchaser at any such sale or the master tenant of the Premises, that the purchaser or master tenant of the Premises has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder. Such transferor shall transfer and deliver Tenant's security deposit to the purchaser at any such sale or the master tenant of the Premises, and thereupon the transferor shall be discharged from any further liability in reference thereto.

F. Successors and Assigns: Subject to the provisions this Section 17, the covenants and conditions of this Lease shall apply to and bind the heirs, successors, executors, administrators and assigns of all parties hereto; and all parties hereto shall be jointly and severally liable hereunder.

18. OPTION TO EXTEND THE LEASE TERM:

A. Grant and Exercise of Option: Landlord grants to Tenant, subject to the terms and conditions set forth in this Section 18.A, two (2) options (the "Options") to extend the Lease Term for an additional term (the "Option Term"). Each Option Term shall be for a period of sixty (60) months and shall be exercised, if at all, by written notice to Landlord no earlier than eighteen (18) months prior to the date the Lease Term would expire but for such exercise but no later than twelve (12) months prior to the date the Lease Term would expire but for such exercise, time being of the essence for the giving of such notice. If Tenant exercises the first Option or both of the Options, all of the terms, covenants and conditions of this Lease except this Section shall apply during the Option Term as though the expiration date of the Option Term was the date originally set forth herein as the Expiration Date, provided that Base Monthly Rent for the Premises payable by Tenant during the Option Term shall be the greater of (i) the average amount of Base Monthly Rent paid during the initial Lease Term, and (ii) ninety five percent (95%) of the Fair Market

Rental as hereinafter defined. Notwithstanding anything herein to the contrary, if Tenant is in monetary or material non-monetary default after expiration of any applicable cure period under any of the terms, covenants or conditions of this Lease either at the time Tenant exercises the Option or at any time thereafter prior to the commencement date of the Option Term, Landlord shall have, in addition to all of Landlord's other rights and remedies provided in this Lease, the right to terminate the Option upon notice to Tenant, in which event the expiration date of this Lease shall be and remain the Expiration Date. As used herein, the term "Fair Market Rental" is defined as the rental and all other monetary payments, including any escalations and adjustments thereto (including without limitation Consumer Price Indexing) that Landlord could obtain during the Option Term from a third party desiring to lease the Premises, based upon the current use and other potential uses of the Premises, as determined by the rents then being obtained for new leases of space comparable in age and quality to the Premises in the locality of the Building. The appraisers shall be instructed that the foregoing five percent (5%) discount is intended to reduce comparable rents which include (i) brokerage commissions, (ii) tenant improvement allowances, and (iii) vacancy costs, to account for the fact that Landlord will not suffer such costs in the event Tenant exercises its Option.

B. Determination of Fair Market Rental: If Tenant exercises the Option, Landlord shall send Tenant a notice setting forth the Fair Market Rental for the Option Term within thirty (30) days following the Exercise Date. If Tenant disputes Landlord's determination of Fair Market Rental for the Option Term, Tenant shall, within thirty (30) days after the date of Landlord's notice setting forth Fair Market Rental for the Option Term, send to Landlord a notice stating that Tenant either elects to terminate its exercise of the Option, in which event the Option shall lapse and this Lease shall terminate on the Expiration Date, or that Tenant disagrees with Landlord's determination of Fair Market Rental for the Option Term and elects to resolve the disagreement as provided in Section 18.C below. If Tenant elects to resolve the disagreement as provided in Section 18.C and such procedures are not concluded prior to the commencement date of the Option Term, Tenant shall pay to Landlord as Base Monthly Rent the Fair Market Rental as determined by Landlord in the manner provided above. If the Fair Market Rental as finally determined pursuant to Section 18.C is greater than Landlord's determination, Tenant shall pay Landlord the difference between the amount paid by Tenant and the Fair Market Rental as so determined in Section 18.C within thirty (30) days after such determination. If the Fair Market Rental as finally determined in Section 18.C is less than Landlord's determination, the difference between the amount paid by Tenant and the Fair Market Rental as so determined in Section 18.C shall be credited against the next installments of rent due from Tenant to Landlord hereunder.

C. Resolution of a Disagreement over the Fair Market Rental: Any disagreement regarding Fair Market Rental shall be resolved as follows:

1. Within thirty (30) days after Tenant's response to Landlord's notice setting forth the Fair Market Rental, Landlord and Tenant shall meet at least two (2) times at a mutually agreeable time and place, in an attempt to resolve the disagreement.

2. If within the 30-day period referred to above, Landlord and Tenant cannot reach agreement as to Fair Market Rental, each party shall select one appraiser to determine Fair Market Rental. Each such appraiser shall arrive at a determination of Fair Market Rental and submit their conclusions to Landlord and Tenant within thirty (30) days after the expiration of the 30-day consultation period described above.

3. If only one appraisal is submitted within the requisite time period, it shall be deemed as Fair Market Rental. If both appraisals are submitted within such time period and the two appraisals so submitted differ by less than ten percent (10%), the average of the two shall be deemed as Fair Market Rental. If the two appraisals differ by more than 10%, the appraisers shall immediately select a third appraiser who shall, within thirty (30) days after his selection, make and submit to Landlord and Tenant a determination of Fair Market Rental. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be Fair Market Rental.

4. All appraisers specified pursuant to this Section shall be members of the American Institute of Real Estate Appraisers with not less than ten (10) years experience appraising office and industrial properties in the Santa Clara Valley. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser.

D. Personal to Tenant: All Options provided to Tenant in this Lease are personal and granted to Siebel Systems, Inc. and any Permitted Transferee and are not exercisable by any third party should Tenant assign or sublet all or a portion of its rights under this Lease, unless Landlord consents to permit exercise of any option by any assignee or subtenant, in Landlord's sole and absolute discretion. In the event Tenant has multiple options to extend this Lease, a later option to extend the Lease cannot be exercised unless the prior option has been so exercised.

E. Extension Right in the Event the Building 3 Option is Not Exercised: In the event that the Building 3 Option is not exercised, Tenant shall have the right to extend the initial term of this Lease to be co-terminus with the Building 1 Lease. The exercise of such option shall not affect Tenant's option to extend the Lease under Section 18.A above. Base Monthly Rent during such extended term shall be equal to the Base Monthly Rent payable immediately prior to such extension subject to adjustment pursuant to Section 4.B.ii.

19. OPTION TO LEASE:

A. Grant and Exercise of Option: Landlord grants to Tenant an option to lease Building 3 ("Expansion Option"). As a part of the construction of the Building 3 Landlord shall also complete the final three (3) levels of the above-grade parking structure within the Common Area so as to maintain a parking ratio of 3.45 spaces per 1,000 square feet. In order to exercise the Expansion Option, Tenant shall give Landlord written notice no later than twelve (12) months following the Lease Commencement Date for Building 1, which commencement date is currently estimated at August 1, 2001 ("Option Expiration Date"). Tenant shall not be required to make any option payments prior to the Lease Commencement Date for Building 1, thereafter Tenant shall pay Landlord concurrently with and in addition to the Base Monthly Rent, the sum of Fifty Thousand and No/100 Dollars ($50,000.00) each month to preserve the Expansion Option. If Tenant fails to (i) exercise the Expansion Option by the Option Expiration Date, or (ii) make any option payment required hereunder, the Expansion Option shall terminate and Landlord shall be free any time thereafter to construct Building 3 for a third party, subject only to Tenant's right of first offering provided in 19.C below. In the event Tenant exercises this Expansion Option, the Parties shall enter into a written lease agreement with a lease term of (12) twelve years on substantially the same terms and conditions of this Lease except as provided in Section 19.B below. Further, in the event that Tenant leases Building 3, this Lease and the lease for Building 1 shall be extended so as to be coterminous with the lease for Building 3. Base Monthly Rent under this Lease during such an extended term shall be equal to the Base Monthly Rent payable immediately preceding the extended term, subject to continued adjustment pursuant to Section 4.B of this Lease.

B. Lease Commencement and Base Monthly Rent: The Lease Commencement Date for the Building 3 shall occur upon completion of the Building Shell for Building 3, parking structure and Tenant Improvements for Building 3 estimated to occur eighteen (18)

months following Tenant's exercise of this option. The initial Base Monthly Rent shall be equal to the sum of Four Hundred Twelve Thousand Seven Hundred Thirty Two and 32/00 Dollars ($412,732.32) [$2.464 per square foot], subject to increase as follows. Immediately following Tenant's exercise Landlord shall seek a permanent loan commitment to construct Building 3. If that at the time the loan commitment is obtained for Building 3, the interest rate exceeds seven and 25/100 percent (7.25%) on the best available non-recourse 25-year amortizing loan, then the initial Base Monthly Rent for Building 3 shall be increased by Five Thousand Eight Hundred Sixty Dollars ($5,860.00) [$.035 per square foot] for every one quarter percent increase in the interest rate above seven and 25/100 percent (7.25%). For example, if the best obtainable interest rate was eight and No/100 percent (8.00%), then the initial Base Monthly Rent would be $430,312.32 [(3 x $5,860) + $412,732.32]

C. Right of First Offering to Lease: Beginning on the date that the Expansion Option lapses or terminates and terminating twelve (12) months thereafter ("First Offering Period"), Landlord hereby grants Tenant a right of first offering to lease Building 3. Prior to Landlord offering to lease Building 3 to a third party during the First Offering Period, Landlord shall give Tenant written notice of such desire and the terms and other information under which Landlord intends to lease Building 3. Provided at the time of exercise, Tenant is not in default beyond the expiration of any applicable cure period, Tenant shall have the option, which must be exercised, if at all, by written notice to Landlord within ten (10) days after Tenant's receipt of Landlord's notice, to lease Building 3 at the rent and terms of lease specified in the notice. In the event Tenant timely exercises such option to lease Building 3, Tenant shall lease Building 3 from Landlord in accordance with the rent and terms specified in Landlord's notice. To the extent not specified in Landlord's notice, the terms of lease shall be otherwise consistent with this Lease. In the event Tenant fails to exercise Tenant's option within said ten (10) day period, Landlord shall have one hundred eighty (180) days thereafter to lease Building 3 at no less than ninety five percent (95%) of the rental rate and upon the terms of lease no more favorable than those specified in the notice to Tenant. In the event Landlord fails to lease Building 3 within said one hundred eighty (180) day period or in the event Landlord proposes to lease Building 3 at less than ninety five percent (95%) of the rental rate or on other material terms which are more favorable to the prospective tenant than those proposed to Tenant, Landlord shall be required to resubmit such offer to Tenant in accordance with this Right of First Offering, provided further that such resubmittal would occur during the First Offering Period.

D. Exclusions: Notwithstanding the foregoing, this Expansion Option shall automatically terminate, (i) upon the expiration or sooner termination of the Lease, or (ii) in the event of a foreclosure or other involuntary transfer of Landlord's interest in the Building.

20. RIGHT OF FIRST OFFERING TO PURCHASE:

A. Grant and Exercise of Option: In the event either or both Master Landlord and Landlord elect to sell their respective interests in the Building, Master Landlord and Landlord hereby grants Tenant a right of first offering to purchase their respective interests in the Building (Master Landlord and Landlord are individually and collectively referred to in this Section as "Seller"). Prior to Seller offering to sell its interest in the Building to a third party, Seller shall give Tenant written notice of such desire and the terms and other information under which Seller intends to sell the Building. Provided at the time of exercise, Tenant is not in default beyond the expiration of any applicable cure period, Tenant shall have the option, which must be exercised, if at all, by written notice to Seller within thirty (30) days after Tenant's receipt of Seller's notice, to purchase its interest in the Building at the sales price and terms of sale specified in the notice. In the event Tenant timely exercises such

option to purchase its interest in the Building, Seller shall sell its interest in the Building to Tenant, and Tenant shall purchase its interest in the Building from Seller in accordance with the price and terms specified in Seller's notice. Seller and Tenant shall, in good faith, attempt to reach agreement on the terms of a mutually acceptable purchase agreement consistent with the terms set forth in Seller's notice within thirty (30) days of Seller's notice. In the event (i) Seller and Tenant are unable to reach agreement on a mutually acceptable purchase agreement within such thirty (30) day period or (ii) Tenant fails to exercise Tenant's option within said thirty (30) day period, Seller shall have one hundred eighty (180) days thereafter to sell its interest in the Building at no less than ninety five percent (95%) of the sales price and upon the same or substantially the same other terms of sale as specified in the notice to Tenant. In the event Seller fails to sell its interest in the Building within said one hundred eighty (180) day period or in the event Seller proposes to sell its interest in the Building at less than ninety five percent (95%) of the sales price or on other material terms which are more favorable to the prospective buyer than that proposed to Tenant, Seller shall be required to resubmit such offer to Tenant in accordance with this Right of First Offering except that Tenant shall be required to respond to any resubmission within a seven (7) day period.

B. Exclusions: This Right of First Offering shall automatically terminate, (i) upon the expiration or sooner termination of the Lease, or (ii) in the event of a foreclosure or other involuntary transfer of Landlord's interest in the Building. Notwithstanding the forgoing, this Right of First Offering shall not apply to transfers (but shall survive such transfers) of all or a portion of the Building or Project to (i) John A. Sobrato and/or John M. Sobrato (individually and collectively "Sobrato"), and (ii) any immediate family member of Sobrato, and (iii) any trust established, in whole or in art, for the benefit of Sobrato and/or any immediate family member of Sobrato, (iv) any partnership in which Sobrato or any immediate family member, either directly or indirectly (e.g., through a partnership or corporate entity or a trust) retains a general partner interest, and/or (v) any corporation under the control, either directly or indirectly, by Sobrato or any immediate family member of Sobrato.

21. GENERAL PROVISIONS:

A. Attorney's Fees: In the event a suit or alternative form of dispute resolution is brought for the possession of the Premises, for the recovery of any sum due hereunder, to interpret the Lease, or because of the breach of any other covenant herein; then the losing party shall pay to the prevailing party reasonable attorney's fees including the expense of expert witnesses, depositions and court testimony as part of its costs which shall be deemed to have accrued on the commencement of such action. The prevailing party shall also be entitled to recover all costs and expenses including reasonable attorney's fees incurred in enforcing any judgment or award against the other party. The foregoing provision relating to post-judgment costs is severable from all other provisions of this Lease.

B. Authority of Parties: Tenant represents and warrants that it is duly formed and in good standing, and is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by-laws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. At Landlord's request, Tenant shall provide Landlord with corporate resolutions or other proof in a form acceptable to Landlord, authorizing the execution of the Lease.

C. Brokers: Tenant represents it has not utilized or contacted a real estate broker or finder with respect to this Lease other than Chris Allen, d/b/a Resource Real Estate Group, which fee shall be payable by Landlord pursuant to a written agreement and the Parties agree to indemnify, defend and hold each other harmless against any claim, cost, liability or cause of action asserted by any other broker or finder.

D. Choice of Law: This Lease shall be governed by and construed in accordance with California law. Except as provided in Section 21.E, venue shall be Santa Clara County.

E. Dispute Resolution: Landlord and Tenant and any other party that may become a party to this Lease or be deemed a party to this Lease including any subtenants agree that, except for any claim by Landlord for unlawful detainer or any claim within the jurisdiction of the small claims court (which small claims court shall be the sole court of competent jurisdiction), any controversy, dispute, or claim of whatever nature arising out of, in connection with or in relation to the interpretation, performance or breach of this Lease, including any claim based on contract, tort, or statute, shall be resolved at the request of any party to this agreement through a two-step dispute resolution process administered by J.A.M.S. or another judicial mediation service mutually acceptable to the parties located in Santa Clara County, California. The dispute resolution process shall involve first, mediation, followed, if necessary, by final and binding arbitration administered by and in accordance with the then existing rules and practices of J.A.M.S. or other judicial mediation service selected. In the event of any dispute subject to this provision, either party may initiate a request for mediation and the parties shall use reasonable efforts to promptly select a J.A.M.S. mediator and commence the mediation. In the event the parties are not able to agree on a mediator within thirty (30) days, J. A. M. S. or another judicial mediation service mutually acceptable to the parties shall appoint a mediator. The mediation shall be confidential and in accordance with California Evidence Code § 1119 et. seq. The mediation shall be held in Santa Clara County, California and in accordance with the existing rules and practice of J. A. M. S. (or other judicial and mediation service selected). The parties shall use reasonable efforts to conclude the mediation within sixty (60) days of the date of either party's request for mediation. The mediation shall be held prior to any arbitration or court action (other than a claim by Landlord for unlawful detainer or any claim within the jurisdiction of the small claims court which are not subject to this mediation/arbitration provision and may be filed directly with a court of competent jurisdiction). Should the prevailing party in any dispute subject to this Section 19.E attempt an arbitration or a court action before attempting to mediate, the prevailing party shall not be entitled to attorney's fees that might otherwise be available to them in a court action or arbitration and in addition thereto, the party who is determined by the arbitrator to have resisted mediation, shall be sanctioned by the arbitrator or judge.

IF A MEDIATION IS CONDUCTED BUT IS UNSUCCESSFUL, IT SHALL BE FOLLOWED BY FINAL AND BINDING ARBITRATION ADMINISTERED BY AND IN ACCORDANCE WITH THE THEN EXISTING RULES AND PRACTICES OF J.A.M.S. OR THE OTHER JUDICIAL AND MEDIATION SERVICE SELECTED, AND JUDGMENT UPON ANY AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED BY ANY STATE OR FEDERAL COURT HAVING JURISDICTION THEREOF AS PROVIDED BY CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1280 ET. SEQ, AS SAID STATUTES THEN APPEAR, INCLUDING ANY AMENDMENTS TO SAID STATUTES OR SUCCESSORS TO SAID STATUTES OR AMENDED STATUTES, EXCEPT THAT IN NO EVENT SHALL THE PARTIES BE ENTITLED TO PROPOUND INTERROGATORIES OR REQUEST FOR ADMISSIONS DURING THE ARBITRATION PROCESS. THE ARBITRATOR SHALL BE A RETIRED JUDGE OR A LICENSED CALIFORNIA ATTORNEY. THE VENUE FOR ANY SUCH ARBITRATION OR MEDIATION SHALL BE IN SANTA CLARA COUNTY, CALIFORNIA.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "MEDIATION AND ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR FURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "MEDIATION AND ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "MEDIATION AND ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

LANDLORD: illegible TENANT: illegible

F. Entire Agreement: This Lease and the exhibits attached hereto contains all of the agreements and conditions made between the parties hereto and may not be modified orally or in any other manner other than by written agreement signed by all parties hereto or their respective successors in interest. This Lease supersedes and revokes all previous negotiations, letters of intent, lease proposals, brochures, agreements, representations, promises, warranties, and understandings, whether oral or in writing, between the parties or their respective representatives or any other person purporting to represent Landlord or Tenant.

G. Entry by Landlord: Upon prior notice to Tenant and subject to Tenant's reasonable security regulations, Tenant shall permit Landlord and his agents to enter into and upon the Premises at all reasonable times, and without any rent abatement or reduction or any liability to Tenant for any loss of occupation or quiet enjoyment of the Premises thereby occasioned, unless caused by Landlord's negligence or willful misconduct, for the following purposes: (i) inspecting and maintaining the Premises; (ii) making repairs, alterations or additions (only if agreed by Tenant) to the Premises; (iii) erecting additional building(s) and improvements on the land where the Premises are situated or on adjacent land owned by Landlord; and (iv) performing any obligations of Landlord under the Lease including remediation of hazardous materials if determined to be the responsibility of Landlord provided that Landlord agrees to use reasonable efforts to minimize interference with Tenant's use. Tenant shall permit Landlord and his agents, at any time within one hundred eighty (180) days prior to the Expiration Date (or at any time during the Lease if Tenant is in default hereunder), to place upon the Premises "For Lease" signs and exhibit the Premises to real estate brokers and prospective tenants at reasonable hours.

H. Estoppel Certificates: At any time during the Lease Term, each party (the "Responding Party") shall, within ten (10) days following written notice from the other party (the "Requesting Party"), execute and deliver to the Requesting Party a written statement certifying, if true, the following: (i) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification); (ii) the date to which rent and other charges are paid in advance, if any; (iii) acknowledging that there are not, to Responding Party's knowledge, any uncured defaults on Requesting Party's part hereunder (or specifying such defaults if they are claimed); and (iv) such other information as Requesting Party may reasonably request. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of Requesting Party's interest in the Premises. The Responding Party's failure to deliver such statement within such time shall be conclusive upon the Responding Party that this Lease is in full force and effect without

modification, except as may be represented by the Requesting Party, and that there are no uncured defaults in Requesting Party's performance. Tenant agrees to provide, within five (5) days of Landlord's request, Tenant's most recent three (3) years of audited financial statements for Landlord's use in financing the Premises or Landlord's interest therein.

I. Exhibits: All exhibits referred to are attached to this Lease and incorporated by reference.

J. Interest: All rent due hereunder, if not paid when due, shall bear interest at the rate of the Reference Rate published by Bank of America, San Francisco Branch, plus two percent (2%) per annum from that date until paid in full ("Agreed Interest Rate"). This provision shall survive the expiration or sooner termination of the Lease. Despite any other provision of this Lease, the total liability for interest payments shall not exceed the limits, if any, imposed by the usury laws of the State of California. Any interest paid in excess of those limits shall be refunded to Tenant by application of the amount of excess interest paid against any sums outstanding in any order that Landlord requires. If the amount of excess interest paid exceeds the sums outstanding, the portion exceeding those sums shall be refunded in cash to Tenant by Landlord. To ascertain whether any interest payable exceeds the limits imposed, any non-principal payment(including late charges) shall be considered to the extent permitted by law to be an expense or a fee, premium, or penalty rather than interest.

K. Modifications Required by Lender: If any Lender of Landlord or ground lessor of the Real Property Requires a modification of this Lease that will not increase Tenant's cost or expense or materially or adversely change Tenant's rights and obligations, this Lease shall be so modified and Tenant shall execute whatever documents are required and deliver them to Landlord within ten (10) days after the request.

L. No Presumption Against Drafter: Landlord and Tenant understand, agree and acknowledge that this Lease has been freely negotiated by both parties; and that in any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Lease or any portion thereof.

M. Notices: All notices, demands, requests, or consents required to be given under this Lease shall be sent in writing by U.S. certified mail, return receipt requested, or by personal delivery or by a nationally recognized overnight courier addressed to the party to be notified at the address for such party specified in Section 1 of this Lease, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days prior notice to the notifying party. When this Lease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute, when a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this lease) shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure Section 1162 or any similar or successor statute.

N. Property Management: No property management fee shall be payable to Landlord.

O. Rent: All monetary sums due from Tenant to Landlord under this Lease, including, without limitation those referred to as "additional rent", shall be deemed as rent.

P. Representations: Tenant acknowledges that neither Landlord nor any of its employees or agents have made any agreements, representations, warranties or promises with respect to the Premises or with respect to present or future rents, expenses, operations, tenancies or any other matter. Except as herein expressly set forth herein, Tenant relied on no statement of Landlord or its employees or agents for that purpose.

Q. Rights and Remedies: All rights and remedies hereunder are cumulative and not alternative to the extent permitted by law, and are in addition to all other rights and remedies in law and in equity.

R. Severability: If any term or provision of this Lease is held unenforceable or invalid by a court of competent jurisdiction, the remainder of the Lease shall not be invalidated thereby but shall be enforceable in accordance with its terms, omitting the invalid or unenforceable term.

S. Submission of Lease: Submission of this document for examination or signature by the parties does not constitute an option or offer to lease the Premises on the terms in this document or a reservation of the Premises in favor of Tenant, This document is not effective as a lease or otherwise until executed and delivered by both Landlord and Tenant.

T. Subordination: This Lease is subject and subordinate to ground and underlying leases, mortgages and deeds of trust (collectively "Encumbrances") which may now affect the Premises, to any covenants, conditions or restrictions of record, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, if the holder or holders of any such Encumbrance ("Holder") require that this Lease be prior and superior thereto, within seven (7) days after written request of Landlord to Tenant, Tenant shall execute, have acknowledged and deliver all documents or instruments, in the form presented to Tenant, which Landlord or Holder deems necessary or desirable for such purposes. Landlord shall have the right to cause this Lease to be and become and remain subject and subordinate to any and all Encumbrances which are now or may hereafter be executed covering the Premises or any renewals, modifications, consolidations, replacements or extensions thereof, for the full amount of all advances made or to be made thereunder and without regard to the time or character of such advances, together with interest thereon and subject to all the terms and provisions thereof; provided only, that in the event of termination of any such lease or upon the foreclosure of any such mortgage or deed of trust, Holder agrees to recognize Tenant's rights under this Lease as long as Tenant is not then in default beyond the expiration of any applicable cure period and continues to pay Base Monthly Rent and additional rent and observes and performs all required provisions of this Lease. Within ten (10) days after Landlord's written request, Tenant shall execute any documents required by Landlord or the Holder to make this Lease subordinate to any lien of the Encumbrance. If Tenant fails to do so, then in addition to such failure constituting a default by Tenant, it shall be deemed that this Lease is so subordinated to such Encumbrance. Notwithstanding anything to the contrary in this Section, Tenant hereby attorns and agrees to attorn to any entity purchasing or otherwise acquiring the Premises at any sale or other proceeding or pursuant to the exercise of any other rights, powers or remedies under such encumbrance.

This Lease constitutes a sublease under that certain Ground Lease dated March 5, 1999 (the "Existing Ground Lease") between The Sobrato 1979 Revocable Trust, As Amended ("Master Landlord"), as landlord and Landlord, as tenant, covering all of the real property within the Project, a copy which has been provided to Tenant, and under the Parcel Lease described in the next sentence. In connection with the subdivision of the Project as contemplated by Section 2.C above, it is anticipated that a separate Parcel Lease (as defined in the Existing Ground Lease) will be entered into between Master Landlord, as landlord, and Landlord, as tenant, for the lot within which the Building will be constructed. As used in this Lease, "Master Lease" shall mean the Existing Ground Lease, until such time as the Parcel Lease is entered into, and thereafter shall mean the Parcel Lease. Notwithstanding this Section 21.T above, concurrently with the

execution of this Lease by Landlord and Tenant, Landlord and Tenant shall execute in recordable form, and Landlord shall cause Master Landlord to execute in recordable form, the Subordination, Nondisturbance and Attornment Agreement attached hereto as Exhibit "G" (the "SNDA"). Landlord shall cause the SNDA to be recorded at Landlord's cost in the Official Records of San Mateo County, California within five (5) days after this Lease is executed by Landlord and Tenant. Similarly, in connection with the Parcel Lease, within ten (10) days after Landlord's request, Landlord and Tenant shall execute in recordable form, and Landlord shall cause Master Landlord to execute in recordable form, a Subordination, Nondisturbance and Attornment Agreement substantially in the form of the SNDA (the "Revised SNDA"), modified to refer to the Parcel Lease, Memorandum of Parcel Lease to be recorded in connection with the Parcel Lease and the revised Premises description, rather than the Original Ground Lease, the Memorandum of Ground Lease referenced in the SNDA and the original Premises described in this Lease. Landlord shall cause the Revised SNDA to be recorded at Landlord's cost in the Official Records of San Mateo County, California immediately after recordation of the Memorandum, of Lease recorded for the Parcel Lease.

Notwithstanding the foregoing, Tenant shall not be required to subordinate its interest under this Lease unless (i) such subordination' does not materially increase Tenant's obligations, or materially decrease its rights under this Lease, and (ii) Landlord first obtains from the holder of the mortgage, deed of trust, or other instrument of security to which this Lease is to become subordinated a written agreement that provides substantially that as long as Tenant performs its obligations under this Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance, shall affect Tenant's rights hereunder.

U. Survival of Indemnities: All indemnification, defense, and hold harmless obligations of Landlord and Tenant under this Lease shall survive the expiration or sooner termination of the Lease.

V. Time: Time is of the essence hereunder.

W. Transportation Demand Management Programs: Should a government agency or municipality require Landlord to institute TDM (Transportation Demand Management) facilities and/or program, Tenant agrees that the cost of TDM imposed facilities required on the Premises, including but not limited to employee showers, lockers, cafeteria, or lunchroom facilities, shall be paid by Tenant. Further, any ongoing costs or expenses associated with a TDM program which are required for the Premises and not provided by Tenant, such as an on-site TDM coordinator, shall be provided by Landlord with such reasonable costs being included as additional rent and reimbursed to Landlord by Tenant within thirty (30) days after demand. If TDM facilities and programs are instituted on a Project wide basis. Tenant shall pay its proportionate share of such costs in accordance with Section 8 above.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the day and year first above written.

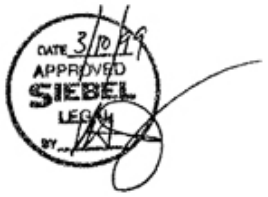
Landlord: SOBRATO INTERESTS III
a California Limited Partnership

By: Illegible
Its: General Partner

Tenant: SIEBEL SYSTEMS, INC.
a Delaware Corporation

By: Illegible
Its:

Master Landlord: THE SOBRATO 1979 REVOCABLE TRUST



By: Illegible
Its: Trustee

THIRD AMENDMENT TO LEASE

This Third Amendment To Lease ("Third Amendment") is made and entered into as of August 11, 2006 (the "Effective Date") by and between Sobrato Interests III, a California Limbed Partnership, ("Landlord"), Oracle USA, Inc., a Colorado Corporation, as successor in interest to Siebel Systems, Inc. ("Siebel"), and Oracle Corporation, a Delaware Corporation, ("Guarantor").

RECITALS

A. Landlord and Siebel previously entered into that certain Lease dated March 11, 1999 (the "Original Lease"), regarding Landlord's lease to Siebel of the property commonly known as 2211 Bridgepointe Parkway, San Mateo, California, as more particularly described in the Lease (the "Premises").

B. The Original Lease has been amended by that certain First Amendment to Lease dated as of June 11, 1999 (the "First Amendment") and by that certain Second Amendment to Lease dated as of July 31, 2000 (the "Second Amendment") (the Original Lease as amended by the First Amendment and by the Second Amendment, being referred to herein as the "Lease").

C. On or about January 31, 2006, Siebel ceased trading as a publicly-owned company and became a subsidiary of Guarantor as a result of a merger.

D. In exchange for the consideration set forth herein, and pursuant to the terms of the Lease, Landlord and Tenant have agreed to modify the terms and conditions of the Lease as set forth in this Third Amendment, in order to add the Guarantor under the Lease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. GUARANTY

A. From the Effective Date, Guarantor continually, absolutely, irrevocably, and unconditionally guarantees the full, faithful, and timely payment and performance by Tenant of all of Tenant's obligations (including the timely payment of all amounts that Tenant may at any time owe) under or arising out of the Lease, or any extensions, renewals, or modifications of the Lease, including payment and performance of all obligations of Tenant which may survive the expiration or termination of the Lease. The provisions contained in this Section 1 are collectively referred to herein as the "Guaranty".

B. Guarantor authorizes Landlord, without notice or demand and without affecting Guarantor's liability under the Guaranty, to:

(1) consent or agree to any extensions, accelerations, or other changes in the time for any payment provided for in the Lease, or consent or agree to any other alteration of any covenant, term, or condition of the Lease in any respect, and to consent to any assignment, subletting, or reassignment of the Lease;

(2) take and hold security for any payment provided for in the Lease or for the performance of any covenant, term, or condition of the Lease, or exchange, waive, or release any security and Guarantor hereby waives any right to require Landlord to proceed against or exhaust any security including any rights under California Civil Code Sections 2899 and 3433;

(3) apply any security and direct the order or manner of its sale as Landlord may determine. Notwithstanding any termination, renewal, extension or holding over of the Lease, or any demand for performance, or other enforcement of Guarantors obligations under the Guaranty, the Guaranty shall continue until all of the covenants and obligations on the part of Tenant to be performed have been fully and completely performed by Tenant, and Guarantor shall not be released of any obligation or liability under the Guaranty so long as there is any claim against Tenant arising out of the Lease that has not been satisfied or performed by Tenant or waived in writing for the express benefit of Guarantor; and

(4) renew, modify, amend or extend the Lease, The Guarantor waives its rights under California Civil Code Section 2819.

C. The obligations of Guarantor under the Guaranty are independent of the obligations of Tenant. Landlord may, at Landlord's option, proceed immediately and directly against Guarantor, jointly or severally, in order to enforce the performance of the obligations of Tenant under the Lease. A separate action may be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease. The liability of Guarantor under the Guaranty shall be primary and it shall not be necessary for Landlord, in order to enforce its rights hereunder, upon the default by Tenant, to first give Guarantor notice of Tenant's default or institute suit or pursue or exhaust its legal remedies against Tenant.

D. "Tenant" as used in the Guaranty shall include all successors, assigns and other transferees of Tenant and any subsequent transferees of all or any part of Tenant's interest under the Lease and the Guarantor shall continue to remain primarily liable and obligated for the full payment and performance by such successors, assigns and transferees of all obligations of the tenant under the Lease.

E. Termination of the Lease for Tenant's default under the Lease shall not extinguish, release or, in any way, affect or diminish the obligations of Guarantor hereunder. In no event shall Landlord be obligated to lease any of the premises identified in the Lease to Guarantor after such termination. Upon termination of the Lease, as a result of Tenant's default thereunder, the Guaranty shall extend to the payment to Landlord of all damages payable by Tenant.

F. Until all of the obligations of Tenant under the Lease are fully performed and observed, Guarantor covenants that Guarantor: (i) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor hereunder; and (ii) shall have no right to enforce any remedy which Guarantor now or hereafter shall have against Tenant by reason of any one or more payments or acts of performance by Guarantor in compliance with the obligations of Guarantor hereunder.

G. Guarantor hereby waives: (i) all defenses based upon any legal disability of Tenant or any discharge or limitation of liability of Tenant, to Landlord, whether consensual or arising by operation of law or any bankruptcy, insolvency or debtor-relief proceeding or from any other cause; (ii) the right to require Landlord to proceed against Tenant or to pursue any other remedy in Landlord's power or any defense based upon an election of remedies by Landlord; (iii) any right to participate in any security now or later held by Landlord; (iv) all presentments, demands for performance, notice of nonperformance, protests, notices of protest, dishonor or acceptance of the Guaranty and all notices of the existence, creation or incurring of new or additional obligations; and (v) all rights to be exonerated hereunder pursuant to the provisions of California Civil Code Sections 2787 through 2855 and pursuant to any other statute or rule of law of similar import.

H. Guarantor is relying upon its own knowledge and is fully informed with respect to Tenant's financial condition. Guarantor assumes full responsibility for keeping fully informed of Tenant's financial condition and of all other circumstances affecting Tenant's ability to perform its obligations to Landlord, and agrees that Landlord will have no duty to report to Guarantor any information Landlord receives about Tenant's financial condition or any circumstances bearing on Tenant's ability to perform.

I. Any prior or subsequent guaranty by Guarantor or by any other guarantor of Tenant's obligations to Landlord shall not be deemed to be in lieu of or to supersede or terminate the Guaranty but shall be construed as an additional or supplementary guaranty unless otherwise expressly provided therein. The Guaranty shall remain in full force and effect, notwithstanding that other guarantors from time to time may guarantee or otherwise become responsible for the performance of any of the terms, covenants and conditions of the Lease or are released from such guaranties.

J. Within twenty (20) days of written demand by Landlord, Guarantor shall deliver to Landlord and to any prospective purchaser, mortgagee and/or beneficiary under a deed of trust, or other lender designated by Landlord, an estoppel certificate, executed and acknowledged by Guarantor, to the effect that the Guaranty is in full force and effect and has not been amended or terminated; provided that Guarantor shall not be obligated to provide more than two (2) such estoppel certificates per calendar year. Guarantor shall also certify such other matters relating to the Lease to Guarantor's actual knowledge, the premises leased pursuant to the Lease or the Guaranty as may be reasonably requested by a lender making a loan to Landlord or a purchaser of any of such premises from Landlord.

K. The Guaranty shall remain and continue in full force and effect, notwithstanding: (i) the commencement or continuation of any case, action, or proceeding by, against or concerning Tenant, under any federal or state bankruptcy, insolvency, or other debtor's relief law, including, without limitation: (x) a case under Title 11 of the United States Code concerning Tenant, whether under Chapter 7, 11 or 13 of such Title or under any other Chapter, or (y) a case, action or proceeding seeking Tenant's financial reorganization or an arrangement with any of Tenant's creditors; (ii) the voluntary or involuntary appointment of a receiver, trustee, keeper or other person who takes possession of substantially all of Tenant's assets or of any asset used in Tenant's business on any portion of the premises leased pursuant to the Lease, regardless of whether such appointment occurs as a result of insolvency or other cause; or (iii) the execution of an assignment for the benefit of creditors of substantially all assets of Tenant available by law for the satisfaction of judgment creditors.

L. In the event any action or proceeding should be commenced between Landlord and Guarantor to enforce or interpret any of the terms, covenants or conditions of the Guaranty, the prevailing party in such action or proceeding shall be entitled to recover from other party, in any such action or proceeding in which it shall prevail, all reasonable attorneys' fees, costs and expenses.

M. The Guaranty may not be changed, waived, discharged or terminated orally or by course of conduct, but rather only by an instrument in writing signed by the party against whom enforcement of the charge, waiver, discharge or termination is sought.

N. The Guaranty shall be governed by and construed in accordance with the laws of the State of California. Guarantor hereby submits to the legal jurisdiction of the State of California and to the service of process of any court of the State of California. The parties agree that all disputes shall be determined by resort to the courts of California of competent jurisdiction, with venue in San Francisco County.

O. The Guaranty shall be binding upon Guarantor and Guarantor's successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign the Guaranty, the Lease, or the rents and other sums payable under the Lease, in whole or in part, and encumber or otherwise hypothecate all or any of the foregoing.

2. LIMITATION OF AMENDMENT.

Any capitalized terms used herein that are not specifically defined shall have the same meaning as set forth in the Lease. Except as otherwise modified by this Third Amendment, all other terms and conditions of the Lease as amended remain unchanged and in full force and effect. In the event of any conflict between the provisions of this Third Amendment and the provisions of other portions of the Lease, the provisions of this Third Amendment shall control. All references herein to the Lease shall be as amended by this Third Amendment.

3. COUNTERPARTS.

This Third Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and each of which shall be deemed an original.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment as of the date first written above.

SOBRATO INTERESTS III,
a California Limited Partnership

By: /s/ Illegible
Its: Illegible

ORACLE USA, INC.,
a Colorado Corporation

By: /s/ Randall W. Smith
Its: Randall W. Smith
VP, Real Estate and Facilities

ORACLE CORPORATION,
a Delaware Corporation

By: /s/ Randall W. Smith
Its: Randall W. Smith
VP, Real Estate and Facilities

THE SOBRATO 1979 REVOCABLE TRUST

By: /s/ Illegible
Its: Trustee

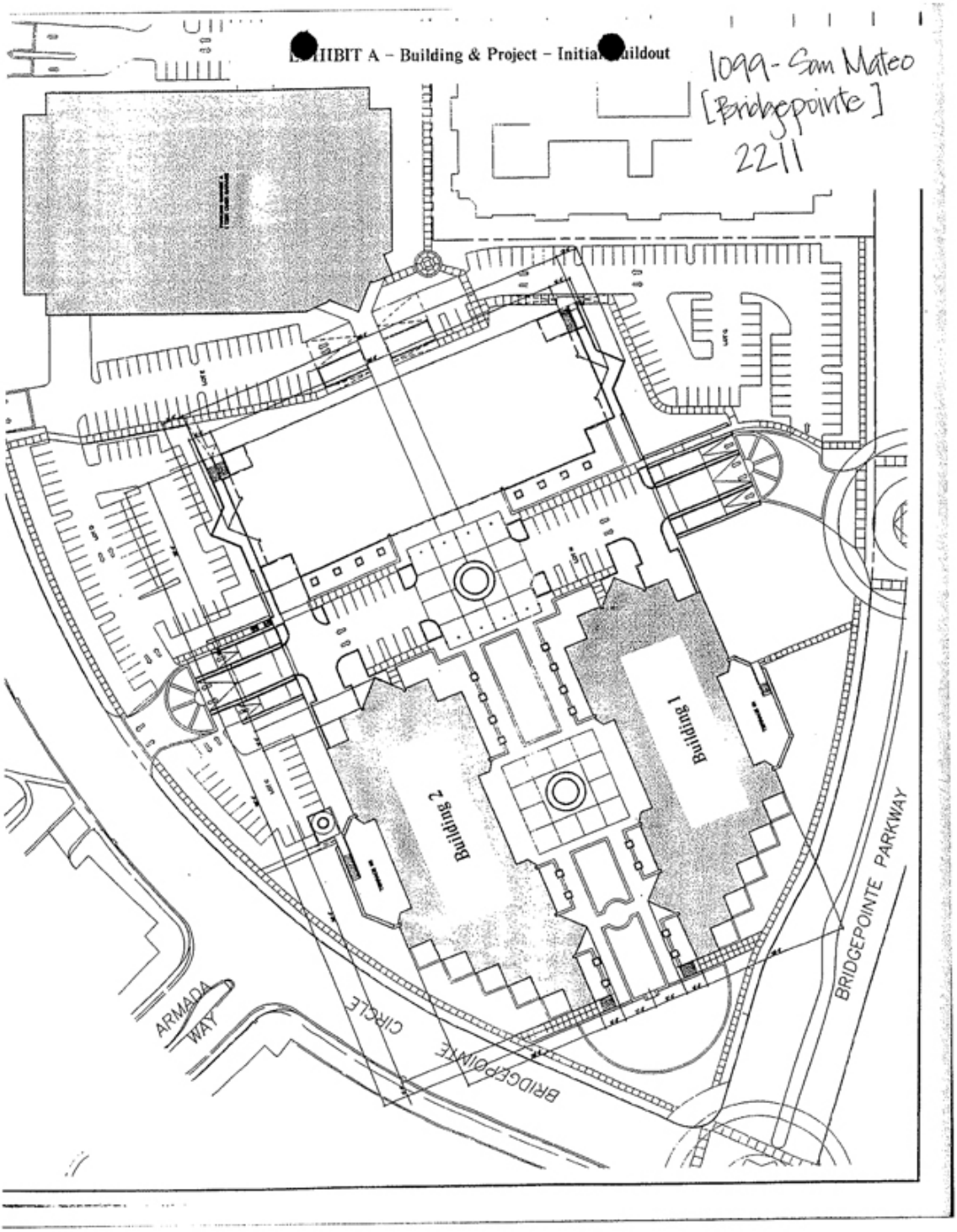


EXHIBIT A – Building & Project – Initial Buildout
1099 - San Mateo
[Bridgepointe]
2211
Building 1
Building 2
BRIDGEPOINTE PARKWAY
ARMADA WAY
CIRCLE
BRIDGEPOINTE

EXHIBIT B – Building & Project – Full Buildout

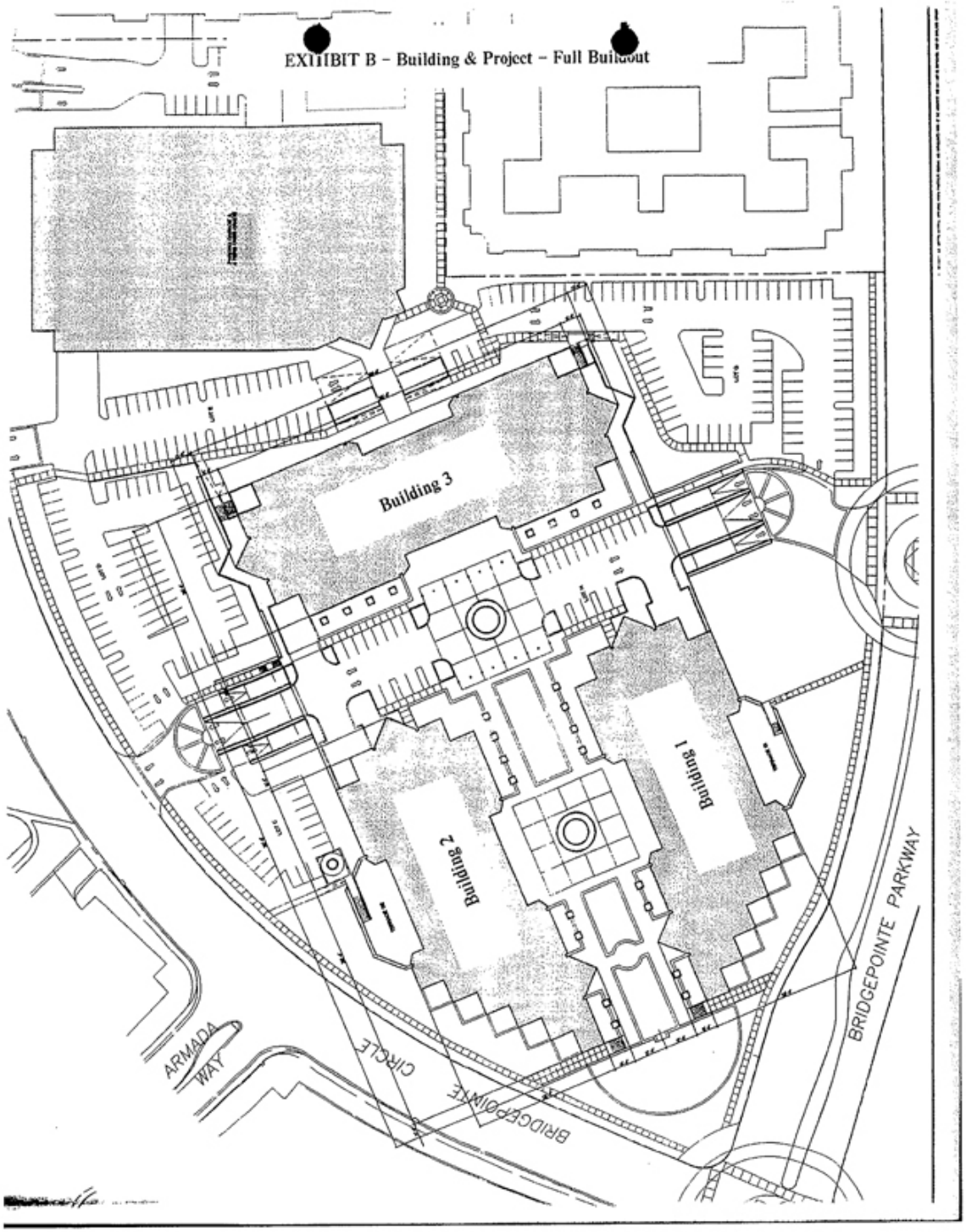


EXHIBIT C

Declaration of Covenants, Conditions and Restrictions
(Bridgepointe Commercial)

By and Between

THE SOBRATO 1979 REVOCABLE TRUST, AS AMENDED

("Sobrato Trust")

and

SOBRATO INTERESTS III, A CALIFORNIA LIMITED PARTNERSHIP

("SI III")

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LIST OF EXHIBITS

Recording Requested By and
When Recorded Return To:

Sobrato Interests III
10600 N. DeAnza Boulevard, Suite 200
Cupertino, CA 95014-2075

BRIDGEPOINTE CORPORATE CENTER
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
A Subdivision of Airspace

THIS DECLARATION, made on the date hereinafter set forth, by THE SOBRATO 1979 REVOCABLE TRUST, AS AMENDED (the "SOBRATO TRUST"), and SOBRATO INTERESTS III, a California Limited Partnership ("SI III"), is made with reference to the following facts:

A. SI III is the tenant under that certain Ground Lease with the Sobrato Trust dated _____ __, 1999 (the "Existing Ground Lease"), of certain real property located in the City of San Mateo, County of San Mateo, State of California, more particularly described as Lots 1, 2, and 3, and **[Common Area]** Lot 4 on the Map entitled "_____," filed for record in the Office of the Recorder of the County of San Mateo, State of California, on _____, 19__, in Book _____ of Maps, page(s) _____ (the "Property"). SI III, as the Tenant under the Existing Ground Lease, is entitled to restate the Existing Ground Lease as separate Parcel Leases pursuant to Section ____ of the Existing Ground Lease.

B. SI III and the Sobrato Trust (collectively as the "Declarants") are making this Declaration for the purpose of facilitating the joint operation, use and enjoyment of the Property, and the improvements situated thereon, upon the demise or grant of the Property into separate holdings pursuant to three separate Parcel Leases, as specified and defined in Section__ of the Existing Ground Lease. For purposes of separate financing, construction, operation, ownership and conveyancing, it is anticipated that SI III and the Sobrato Trust will enter into a Parcel Lease for each of three (3) Airspace Lots, shown as Lots 1 through 3 on the Map. It is further anticipated that **[the Common Area]** Lot 4 as shown on the Map, consisting of all of the Property except for the Airspace Lots, will be held in common as undivided leasehold interests by each of the leasehold owners of the three (3) Airspace Lots. The fee interest in the Airspace Lots and the Common Area will be retained in fee by the Sobrato Trust, subject to the leasehold interests created in the Property. Certain portions of the Airspace Lots will be subject to easements for the common use and benefit of the fee and/or leasehold owners of all of the Airspace Lots. The Buildings and other improvements constructed on the portions of the Property which are subject to a Ground Lease (defined in Section 1.19) or other long term airspace or ground lease shall, during the term of such lease, be owned by the tenant under such lease in accordance with the terms of such lease. As used in this Declaration, the phrase "long

term airspace or ground lease" shall mean any airspace lease or ground lease for an Airspace Lot along with an appurtenant interest in the Common Area with an initial term of thirty-five (35) years or more, including without limitation the Parcel Leases described in Recital A above.

C. This Declaration provides for a description of the fee interest in the Property and the separately held and the commonly held leasehold interests in the Property, easements between and among the holders of the fee and/or leasehold interests in the Airspace Lots and the Common Area, covenants for collective management, administration, operation, and maintenance of the Common Area, the formation and operation of an Association of the fee and/or leasehold owners of the Airspace Lots, and certain covenants, conditions and restrictions relative to the use of the Common Area and the Airspace Lots.

D. It is the intention of Declarant that the Property be developed by SI III as a planned development pursuant to California Civil Code section 1351(k), consisting of up to three (3) buildings devoted to the uses allowed under Section 7.1 of this Declaration, each situated within an Airspace Lot, situated upon and over a garage and podium structure to be located within the Common Area (the "Podium Garage"). The Common Area will also contain landscaping, walkways, additional parking areas (including without limitation any above grade parking structure constructed within the Project), and certain other facilities for the common use and benefit of the Airspace Lots.

E. Declarants intend by this document to impose upon both the fee interest and the leasehold interests in the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners or holders of interests in and to the Airspace Lots and the Common Area.

NOW, THEREFORE, Declarants hereby declare that all of the Property and all interests in the Property, including the fee interest and the leasehold interests, shall be held, sold, leased, mortgaged, encumbered, rented, used, occupied, improved and conveyed subject to the following declarations, limitations, easements, restrictions, covenants, and conditions, which are imposed as equitable servitudes pursuant to a general plan for the development of the Property for the purpose of enhancing and protecting the value and desirability of the Property and every part thereof, and which shall run with the Property and all interests in the Property, including the fee interest and the leasehold interests, and be binding on Declarants and their successors and assigns, and on all parties having or acquiring any right, title or interest in or to the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

Application to the Sobrato Trust. Until and unless the Sobrato Trust becomes an "Owner" with respect to any Airspace Lot, as defined in Section 1.1, the Sobrato Trust shall have no obligations or duties under this Declaration.

ARTICLE 1
DEFINITIONS

1.1 “Airspace Lots” shall mean each of Lots 1, 2 and 3 shown on the Map, each of which Airspace Lots consist of the space bounded by and contained within the boundaries described for such Airspace Lot on the Map. Each Airspace Lot includes both the Building structures situated within the airspace so described and the airspace so encompassed. Each Airspace Lot shall be a “separate interest” pursuant to California Civil Code section 1351(l). The Airspace Lots do not include those areas and those things which are defined as “Common Area.”

1.2 “Arbitration” is defined in Section 11.11.

1.3 “Articles” shall mean and refer to the Articles of Incorporation of the Association, as amended from time to time.

1.4 “Assessment” shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the Project which is to be paid by each Owner as determined by the Association.

1.5 “Assessment Percentages” shall mean and refer to the respective percentage of Assessments allocated and charged to each Airspace Lot pursuant to Section 4.5 and set forth on Exhibit “A” of this Declaration.

1.6 “Association” shall mean and refer to the BRIDGEPOINTE CORPORATE CENTER OWNERS’ ASSOCIATION, a California nonprofit mutual benefit corporation, the members of which shall be the Owners of Airspace Lots in the Project.

1.7 “Board” or “Board of Directors” shall mean and refer to the governing body of the Association.

1.8 “Bylaws” shall mean and refer to the Bylaws of the Association, as amended from time to time.

1.9 “Building” shall mean and refer to the building devoted to a use allowed pursuant to Section 7.1.1 and related improvements constructed, or constructed in the future, within and Airspace Lot by either of the Declarants or successors thereto.

1.10 “City” shall mean the City of San Mateo, California.

1.11 “Common Area” shall mean and refer to **[Common Area]** Parcel 4 on the Map and all improvements thereon, leasehold title to which is held by the Owners of Airspace Lots 1, 2 and 3 in undivided leasehold interests as tenants in common, in the proportions described on Exhibit “B” attached hereto, and specifically excludes the Airspace Lots and improvements therein. The Sobrato Trust shall retain fee title to the Common Area, subject to the leasehold interests created in the Common Area. The Common Area includes, without limitation, the Podium Garage, and the earth and air below, around and above Airspace Lots 1, 2, and 3, and all improvements, structures, facilities, landscaping and other project components contained therein. Certain portions of the Common Area, and the improvements, structures, facilities, landscaping or other components contained therein, may be situated within the area covered by an Exclusive Airspace Lot Easement established over and across portions of the Common Area by this Declaration.

1.12 “Common Building Easement Area” shall mean those portions of any Airspace Lot which is exterior to the Building situated within the Airspace Lot reserved for the use and benefit of the holders of interests in each of the Airspace Lots as set forth in Section 2.3, and “Common Building Easement” shall mean the easement established pursuant to Section 2.3.

1.13 “Common Expenses” means and includes the actual and estimated expenses of operating the Common Area and Common Building Easement Area and any reasonable reserve for such purposes as found and determined by the Board and all sums designated Common Expenses by or pursuant to the Declaration, Articles, or Bylaws.

1.14 “Declarants” shall mean and refer collectively to SI III and the Sobrato Trust, and any of their successors or assigns that expressly assume all of the rights and duties of the Declarants hereunder in a recorded written document.

1.15 “Declaration” shall mean and refer to this Declaration, as amended or supplemented from time to time.

1.16 “Exclusive Airspace Lot Easement” shall mean an easement over those portions of the Common Area shown on Exhibit “C” and described in Section 2.4 hereof as Restricted Common Area. The Restricted Common Areas shall be reserved for the use and benefit of the Owner of the Airspace Lot to which it is appurtenant as set forth in Section 2.4.

1.17 “First Mortgage” shall mean a Mortgage which encumbers an Owner’s interest in an Airspace Lot and such Owner’s tenancy in common interest in the Common Area which is prior to any other Mortgages which encumber such interests.

1.18 “First Mortgagee” shall mean the beneficial holder of a First Mortgage.

1.19 “Ground Lease” shall mean any ground lease between the Sobrato Trust, or a successor to the Sobrato Trust, as landlord, and SI III, or a successor to SI III, as tenant, with respect to any Airspace Lot and the undivided interest in the Common Area appurtenant to that Airspace Lot, including without limitation the Existing Ground Lease and any Parcel Lease.

1.20 “Majority Vote of the Owners” shall mean a vote of the Owners of Airspace Lots which results in a majority of the unsuspended voting power of the Association, being greater than fifty percent (50%), prevailing, based upon each Owner having one vote for each square foot of the Building situated within such Owner’s Airspace Lot, or if no Building exists on the Airspace Lot at the time of the vote, the approved square footage of a prospective Building within such Airspace Lot pursuant to the Project Approvals.

1.21 “Map” shall mean and refer to that Map entitled “ ,” filed for record on _____, 19____, in Book _____ of Maps at page(s) _____ through _____, in the Office of the Recorder of San Mateo County, State of California.

1.22 “Member” shall mean and refer to a Person entitled to membership in the Association as provided herein.

1.23 “Mortgage” shall mean a mortgage, deed of trust, assignment of rents, issues and profits or other proper instruments (including, without limitation, those instruments and estates created by sublease or assignment), as security for the repayment of loan(s) or financing(s) which encumbers an Owner’s interest in the Property, made in good faith and for value.

1.24 “Mortgagee” shall mean the holder of a Mortgage, including without limitation a beneficiary or a holder of a deed of trust as well as a mortgagee, and “Designated Mortgagee” shall mean a Mortgagee whose name and address have been registered with the Association.

1.25 “Mortgagor” shall mean the Owner whose interest is encumbered by a Mortgage, including without limitation the trustor of a deed of trust as well as a mortgagor.

1.26 “Owner” shall mean and refer to the record owner, whether one (1) or more persons or entities, of fee simple title to any Airspace Lot which is a part of the Project, but excluding those persons or entities having an interest merely as security for the performance of an obligation; provided however that, whenever an Airspace Lot is held by a tenant under a Ground Lease or other long term airspace or ground lease, the holder of the leasehold interest shall be the Owner under the terms and conditions of this Declaration, rather than the fee holder, and shall hold its interest subject to the terms and conditions of this Declaration. If an Airspace Lot is sold under an installment contract of sale and the installment contract is recorded, the purchaser, rather than the fee holder, will be considered the “Owner” from and after the date the Association receives written notice of the recorded installment contract.

1.27 “Parcel Lease” means any separate Parcel Lease with respect to an Airspace Lot as defined in and made pursuant to Section _____ of the Existing Ground Lease and in any Parcel Lease created pursuant to a Ground Lease.

1.28 “Person” means a natural person, a corporation, a partnership, a trustee, or other legal entity.

1.29 “Podium Garage” means the garage and podium structure referred to in Recital D above.

1.30 “Project” shall mean and refer to the Property and all improvements constructed or to be developed and constructed thereon as described in Section 2.1.

1.31 “Project Approvals” shall mean **[Insert description of approvals which govern size, use, etc. of Project, including date of issuance by City]**

1.32 “Project Documents” shall mean and refer to this Declaration, together with the other basic documents used to create and govern the Project, including the Map, the Articles, and the Bylaws (but excluding unrecorded rules and regulations adopted by the Board or the Association).

1.33 “Property” shall have the meaning set forth in Recital “A”.

1.34 “Restricted Common Area” shall mean and refer to those portions of the Common Area, if any, set aside for exclusive use of an Owner or Owners, pursuant to Section 2.4, and shall constitute “exclusive use common area” within the meaning of California Civil Code § 1351(i).

1.35 “Service Area” shall mean and refer to those portions of the Restricted Common Areas that are exclusively used by an Owner of a Building for mechanical rooms, chiller rooms, boiler rooms, elevators, elevator machine rooms, building maintenance rooms, stairs, fuel rooms, emergency generator rooms, switch gear rooms, fan rooms, and any other similar equipment and equipment rooms servicing such Building.

1.36 “Stipulated Rate” shall mean an annual rate of interest equal to the greater of: (a) five percent (5%) plus the rate established by the Federal Reserve Bank of San Francisco as of the twenty-fifth (25th) day of the month immediately preceding the due date on advances to member banks under Section 13 and 13(a) of the Federal Reserve Act, as now in effect or hereinafter from tune time amended; or (b) ten percent (10%).

1.37 “Utility Facilities” shall have the meaning set forth in Section 2.2.7.

1.38 “Voting Power” as used in this Declaration shall mean the total of all votes of all Owners of Airspace Lots, which at the time in not suspended, based upon the allocation of one vote for each square foot of each Building situated within the Airspace Lot, or if no Building exits on the Airspace Lot at the time of the vote, the approved square footage of a prospective Building within such Airspace Lot pursuant to the Project Approvals.

ARTICLE 2
DESCRIPTION OF PROJECT, DIVISION OF PROPERTY, AND CREATION OF PROPERTY RIGHTS

2.1 Description of Project. The Project is a common interest development pursuant to California Civil Code section 1351(c), as a planned development pursuant to California Civil Code section 135l(k), consisting of the Common Area and the three (3) Airspace Lots, and all improvements thereon. Airspace Lots 1 through 3 each consist of three dimensional space as shown on the Map. Each Airspace Lot is to be subject to a separate Parcel Lease. **[Common Area]** Parcel 4 consists of all of the approximately Ten and nine tenths (10.9) acres of the Property, exclusive of Airspace Lots 1 through 3. Airspace Lots 1, *2*, and 3 will each be improved, or may be improved in the future, with a Building and related improvements. **[[Common Area] Parcel 4]** may be improved with courtyards, landscaping, water features, recreational features, the Podium Garage, surface parking and an above-grade parking structure, and other amenities and facilities serving Airspace Lots 1 through 3. Undivided leasehold interests in **[Common Area]** Parcel 4 shall be held in common as undivided interests by the holders of the leasehold interests in Airspace Lots 1 through 3, which undivided interests shall be in the proportions described on Exhibit “B” attached hereto. During any period when an Airspace Lot is not subject to a Ground Lease or other long term airspace or ground lease and the fee owner of such Airspace Lot is the “Owner” of such Airspace Lot for purposes of this Declaration, such fee owner’s ownership interest in **[Common Area]** Parcel 4 shall be treated under this Declaration as though it is an undivided tenancy in common interest in the percentage

assigned to such Airspace Lot, as described on Exhibit "B" attached hereto, notwithstanding that such fee owner may be the fee owner of all of **[Common Area]** Parcel 4 or of any Airspace Lot within the Project. The interests of such fee owner shall be deemed to be subject to the easement rights established by this Declaration in favor of the Owners of other Airspace Lots. The following are the different elements of the Project:

2.1.1 Common Area. Each Owner shall have, as appurtenant to his, her, or its Airspace Lot an undivided interest in **[Common Area]** Parcel 4, in the proportions described in Exhibit "B" attached hereto, which is the Common Area. The common interest appurtenant to each Airspace Lot is declared to be permanent in character and cannot be altered without the consent of all the Owners affected and the Sobrato Trust, as expressed in an amended Declaration. The undivided common interest cannot be separated from the Airspace Lot, and any conveyance, demise or other transfer of the Airspace Lot shall include the undivided common interest, the Owner's membership in the Association, and any other benefits or burdens appurtenant to that Owner's Airspace Lot. Each Owner may use the Common Area pursuant to the terms of this Declaration, in accordance with the purposes for which it is intended, without hindering the exercise of, or encroaching upon, the rights of any other Owners, subject to the rights of each Owner in the Restricted Common Area appurtenant to that Owner's Airspace Lot. The use of the Common Area by the Sobrato Trust as a fee owner of an Airspace Lot shall be limited and restricted to the rights and use appurtenant to such Airspace Lot as described in this Declaration, and shall be further subject to any Ground Lease or any other long term airspace or ground lease for such Airspace Lot. The Common Area shall include all of the physical structures and improvements contained within **[Common Area]** Parcel 4 including the Podium Garage, the above-grade parking structure, and other improvements, such as storm and sanitary sewers, water lines, pumps, storage tanks, fire detection and suppression systems, fans, and electrical and mechanical systems, certain portions of which may be Restricted Common Area reserved for and allocated to the exclusive use of a particular Airspace Lot pursuant to an Exclusive Airspace Lot Easement. The Airspace Lot to which such Restricted Common Area is reserved, set aside and allocated, shall have an exclusive easement over such areas for the benefit of the affected Airspace Lot.

2.1.1.1 Partition of Common Area. There shall be no subdivision or partition of the Common Area, nor shall any Owner or any fee owner of any portion of the Project seek any partition or subdivision thereof.

2.1.2 Airspace Lots. The Map divides the portions of the Property exclusive of the Common Area into three Airspace Lots, which will be three dimensional parcels as shown on the Map, extending from the top of the Podium Garage to a height somewhat greater than the top of each of the Buildings, enveloping each of the three Building sites situated above the Podium Garage of the Project. To accommodate future flexibility, these airspace parcels will be slightly larger than the planned Building structures.

2.1.2.1 The areas within each of the Airspace Lots which are exterior to the actual Building structures within such Airspace Lot will be reserved for and are hereby established as reciprocal easement areas for maintenance and use, in a manner similar to the commonly held Common Area, by all of the Airspace Lot holders, described in Section 2.3 hereof as Common Building Easement Areas.

2.2 Non-Exclusive Easements Reserved and Established over Common Area. Each of the Airspace Lots shall have appurtenant to it, as the dominant tenement, and there are hereby established, reserved and granted to each Owner of an Airspace Lot, non-exclusive easements over the Common Area, as the servient tenement, for a term and duration coextensive with the Owner's title or interest in the Airspace Lot, for ingress and egress; use, occupancy and enjoyment; building support for footings and foundations; encroachments; maintenance and construction; drainage; parking; and for installation and operation of utilities, and other purposes as more particularly set forth and described herein in subparagraphs 2.2.1 through 2.2.7, subject to the following provisions:

(A) The right of the Association to discipline Members and to suspend the voting rights of a Member for any period during which any Assessment against the Member's Airspace Lot remains unpaid, and for any infraction of the Declaration, Bylaws, Articles or written rules and regulations in accordance with the provisions of Sections 4.9.5, 5.2.6, 5.2.7 and 11.1 and other applicable provisions of this Declaration.

(B) The access rights of the Association to maintain, repair or replace improvements or real or personal property located in the Common Area as provided in Sections 2.2.4 and 5.2.5 and elsewhere in this Declaration.

(C) The rights and duties of the Owners to grant easements under, in, upon, across, over, above or through any portion of the Common Area (i) to permit the beneficial development and use of the Common Area in accordance with this Declaration and the Project Approvals, subject to approval by the Board, and (ii) for any required or appropriate utility for the benefit of the Common Area or any Airspace Lot, subject to the following:

(1) The size, scope and location of any such easement shall be determined by the Board in a non-discriminatory manner to enhance the efficient, cost-effective use of the easement, to comply with applicable laws and permits, and to preserve the aesthetic appearance of the Project.

(2) The form and substance of such easements shall be determined by the Board, and shall include an indemnification (if such an indemnity can be negotiated), by the grantee of the Owners, the fee owners of the Project, and the Association for any and all losses, costs, claims, liabilities and damages incurred by any Owner, fee owner or the Association in connection with the use of such easement by a grantee and such grantee's agents, contractors, employees and invitees.

(D) Easement rights of SI III and Owners for work necessary to complete development and construction of the Project, the Office Buildings and to repair, replace or restore the improvements situated within the Airspace Lot or within the Restricted Common Area, as provided in Sections 2.2.4, 8.1, 8.2, 9.1, 9.2, 9.3 and 10.1 and elsewhere in this Declaration,

(E) The rights of the public to access the Common Area as provided for in the conditions to the Project Approvals in effect and as amended from to time.

Exhibit 10.9

SUBLEASE

BETWEEN

ORACLE AMERICA, INC.

AND

GUIDEWIRE SOFTWARE, INC.

2207 Bridgepointe Parkway,
San Mateo, California
("Bridgepointe Building 3")

Conference Center
Ground Floor

Approved as to Form

SUBLEASE

THIS SUBLEASE ("**Sublease**") is entered into as of December 20, 2010 (the "**Effective Date**"), by and between ORACLE AMERICA, INC., a Delaware corporation ("**Sublandlord**") and GUIDEWIRE SOFTWARE, INC., a Delaware corporation ("**Subtenant**"), with reference to the following facts:

A. Pursuant to that certain Lease dated as of June 11, 1999 (the "Original Master Lease"), as the same has been amended by that certain First Amendment to Lease dated as of September 23, 2000 (the "**First Amendment**"), by that certain Second Amendment to Lease dated as of August 11, 2006 (the "**Second Amendment**") (the Original Master Lease, as amended by the First Amendment and the Second Amendment being referred to herein as the "**Master Lease**"), Sobrato Interests III ("**Landlord**"), as Landlord, leases to Sublandlord (successor in interest to Siebel Systems, Inc.), as tenant, certain space (the "**Master Lease Premises**") consisting of the entire 167,505 rentable square foot building (the "Building") located at 2207 Bridgepointe Parkway in the City of San Mateo ("**City**"), State of California. The Building, together with (i) the 141,496 rentable square foot building located at 2215 Bridgepointe Parkway ("**Building 1**") and (ii) the 141,496 rentable square foot building located at 2211 Bridgepointe Parkway ("**Building 2**") comprise the "Project," as more particularly defined in the Master Lease. A complete copy of the Master Lease is attached hereto as **Exhibit E**.

B. As of the Effective Date, Subtenant (1) subleases from Sublandlord certain space in Building 2 pursuant to that certain Sublease dated as of , 2007, for a term that expires on July 31, 2012 (the "**2211 Sublease**"), and (2) has a license to use a portion of the Master Lease Premises located the conference center (the "**Conference Center**") on the ground floor of the Building known as Suites 170-A and 170-B pursuant to that certain License Agreement dated November 23, 2009, as amended by that certain Amendment to License Agreement dated March 18, 2010, that certain Second Amendment to License Agreement dated May 26, 2010, and that certain Third Amendment to License Agreement dated December , 2010 (as amended, the "**License Agreement**"), by and between Sublandlord and Subtenant

C. Subtenant desires to use and occupy all of the Conference Center space commonly known as Suite 170, as more particularly shown in **Exhibit A** attached hereto and incorporated herein by reference (the "**Subleased Premises**"), for a term to expire conterminously with the 2211 Sublease. For such purpose, the parties entered into the Third Amendment to License Agreement to facilitate the performance of certain improvements to the Subleased Premises during the Sublease negotiations.

D. The parties now desire to enter into this Sublease to govern Subtenant's use and occupancy of the Subleased Premises, and to supersede the License Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated by reference into this Sublease, and for other good and valuable consideration, the

receipt and adequacy of which are hereby acknowledged by the parties, Sublandlord and Subtenant hereby agree as follows:

1. Sublease. Sublandlord hereby subleases to Subtenant and Subtenant hereby subleases from Sublandlord for the term, at the rental, and upon all of the conditions set forth herein, the Subleased Premises.

2. Term.

(a) Generally. The term of this Sublease ("Term") shall commence on the date (the "Commencement Date") that is two (2) business days following the date upon which Sublandlord procures Landlord's consent to this Sublease (the "Consent", and the date upon which Sublandlord procures the Consent being the "Consent Date"). The Term will end on July 31, 2012 (the "Expiration Date"), unless sooner terminated pursuant to any provision hereof, Upon the determination of the Commencement Date, Sublandlord and Subtenant, will enter into a letter agreement in the form of **Exhibit B** attached hereto. The License Agreement shall be deemed to expire by its terms as of the Commencement Date of this Sublease, and from and after the Commencement Date, Subtenant's occupancy of the Subleased Premises shall be governed by the terms of this Sublease.

(b) Failure to Obtain Landlord's Consent. Notwithstanding Section 2(a) above, if for any reason despite the parties good faith efforts Sublandlord is unable to obtain the Consent on or before January 31, 2011, this Sublease and the parties rights and obligations hereunder shall terminate and be of no further force and effect, and Subtenant's use and occupancy of any portion of the Subleased Premises shall continue to be governed by the terms of the License Agreement.

3. Rent.

3.1 Rent Payments. From and after the Commencement Date Subtenant shall pay to Sublandlord as base rent for the Subleased Premises during the Term ("Base Rent") the following:

Period	Monthly Base Rent
Commencement Date-Expiration Date	$8,500.00

If the Term does not begin on the first day or end on the last day of a calendar month, the Base Rent for any partial month shall be prorated by multiplying the monthly Base Rent by a fraction, the numerator of which is the number of days of the partial month included in the Term and the denominator of which is the total number of days in the full calendar month. **All Rent (hereinafter defined) shall be payable in lawful money of the United States, by regular bank check of Subtenant, to Sublandlord at the following address:**

1001 Sunset Boulevard
Rocklin, CA 95765
Attn: Lease Administration

or to such other persons or at such other places as Sublandlord may designate in writing. "Rent" shall mean, collectively. Base Rent and all other sums payable by Subtenant to Sublandlord under this Sublease, whether or not expressly designated as "rent", all of which are deemed and designated as rent pursuant to the terms of this Sublease. Base Rent is payable hereunder in advance without setoff, deduction, notice or demand. Unless expressly set forth to the contrary in this Sublease, all other amounts payable by Subtenant hereunder are payable within ten (10) business days following Sublandlord's delivery of an invoice therefor to Subtenant,

3.2 Gross Sublease. Except as expressly set forth herein, it is intended that this Sublease be a "gross" sublease, such that all Base Rent payable by Subtenant to Sublandlord hereunder will include the cost to Sublandlord of operating and maintaining the Subleased Premises, the Building and the Project.

4. Subleased Premises Not Separately Demised. The parties acknowledge (a) that the Subleased Premises is not separately demised or secured, (b) that the entrances to the Subleased Premises are open, not monitored and accessible from the Common Areas of the Building at all limes, and (c) that the Subleased Premises is located adjacent to a hallway used for ingress and egress to a stairwell and the freight elevator for the Building. Subtenant shall not have any right to limit or otherwise interfere with the use of the Common Areas located adjacent to the Subleased Premises by Sublandlord or any other party. Notwithstanding any other provision of this Sublease to the contrary, Sublandlord shall have no liability or responsibility with respect to the security of the Subleased Premises and Subtenant's personal property therein, and Subtenant shall be solely responsible for providing security services to Subtenant and the Subleased Premises.

5. Use and Occupancy.

5.1 Use. The Subleased Premises shall be used and occupied only for general office use, and office conference center and training use, and for no other use or purpose.

5.2 Compliance with Master Lease.

(a) By Subtenant. Subtenant agrees that it will occupy the Subleased Premises in accordance with the terms of the Master Lease and will not suffer to be done or omit to do any act which may result in a violation of or a default under any of the terms and conditions of the Master Lease, or render Sublandlord liable for any damage, charge or expense thereunder. Subtenant further covenants and agrees to indemnify Sublandlord against and hold Sublandlord harmless from any claim, demand, action, proceeding, suit, liability, loss, judgment, expense (including attorneys fees) and damages of any kind or nature whatsoever arising out of, by reason of, or resulting from, Subtenant's failure to perform or observe any of the terms and conditions of the Master Lease or this Sublease. Any other provision in this Sublease to the contrary notwithstanding, Subtenant shall pay to Sublandlord as Rent hereunder any and all sums which Sublandlord may be required to pay Landlord arising out of a request by

Subtenant for, or use by Subtenant of, additional or over-standard Building services from Landlord (for example, but not by way of limitation, charges associated with after-hours HVAC usage and overstandard electrical charges).

(b) By Sublandlord. Sublandlord agrees that it will perform its obligations under the Master Lease during the Term and will not amend or modify the Master Lease in any way or knowingly take any action under the Master Lease which would increase Sublandlord's obligations hereunder (other than in a de minimus way, such as requiring Subtenant to send notices to an additional address, etc.) or materially adversely affect Subtenant's rights hereunder. Without limitation, Sublandlord agrees that it will not terminate the Master Lease without the prior written consent of Subtenant, except as Sublandlord may be entitled to terminate the Master Lease in the event of casualty or condemnation.

(c) Master Lease Renewal. Sublandlord will not exercise its rights to renew the Master Lease.

5.3 Rules and Regulations. Subtenant shall comply with the rules and regulations for the Building attached hereto as **Exhibit D** and such amendments or supplements thereto as Sublandlord may adopt from time to time with prior notice to Subtenant (the "Rules and Regulations"), as well as any applicable CC&R's. Sublandlord agrees that (i) any Rules and Regulations promulgated by Sublandlord shall not be unreasonably modified or amended or enforced in a manner which will unreasonably interfere with the normal and customary conduct of Subtenant's business and no Rule or Regulation shall unreasonably or materially interfere with Subtenant's permitted use, (ii) Sublandlord shall provide Subtenant with reasonable advance notice of any modification or amendment of the Rules and Regulations, and (iii) in the event of a conflict between the Rules and Regulations and the provisions of this Sublease, the provisions of this Sublease will control. Without limitation on the foregoing, Subtenant acknowledges that CC&R's may provide for some or all of the Project common areas to be transferred to a property owners' association which will assume the obligation to cause to be operated and maintained some or all of the Project common areas (typically, through a property management/maintenance company retained by the property owners' association in respect of such obligations). Sublandlord shall not be liable to Subtenant for or in connection with the failure of any other tenant of the Building or Project to comply with any rules and regulations applicable to such other occupant under its lease or sublease.

5.4 Landlord's Obligations. Subtenant agrees that Sublandlord shall not be required to perform any of the covenants, agreements and/or obligations of Landlord under the Master Lease and, insofar as any of the covenants, agreements and obligations of Sublandlord hereunder are required to be performed under the Master Lease by Landlord thereunder, Subtenant acknowledges and agrees that Sublandlord shall be entitled to look to Landlord for such performance. In addition, Sublandlord shall have no obligation to perform any repairs or any other obligation of Landlord under the Master Lease. Except as expressly set forth herein, Sublandlord shall not be responsible for any failure or interruption, for any reason whatsoever, of the services or facilities that may be appurtenant to or supplied at the Building or Project by Landlord, and no failure to furnish, or interruption of, any such services or facilities shall give rise to any (i) abatement, diminution or reduction of Subtenant's obligations under this Sublease, or (ii) liability on the part of Sublandlord. Notwithstanding the foregoing, Sublandlord

shall promptly take such action as may reasonably be indicated, under the circumstances, to secure such performance upon Subtenant's request to Sublandlord to do so and shall thereafter use diligent efforts to secure timely completion of such performance by Landlord.

5.5 Maintenance.

(a) Sublandlord's Maintenance. Sublandlord shall keep and maintain in good repair and working order and make repairs to and perform maintenance upon: (1) all structural elements and components of the Building (except to the extent that the responsibility for such work is Landlord's pursuant to the Master Lease); (2) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building in general; (3) the "Building Common Areas" (i.e., those areas within the Building devoted to corridors, elevator lobbies, vending areas and lobby areas (whether at ground level or otherwise), and other similar facilities provided for the common use or benefit of tenants generally and/or the public (excluding those areas within the Building used for elevator shafts, flues, vents, stacks, pipe shafts, risers and other vertical penetrations, mechanical rooms, elevator mechanical rooms, janitorial closets, electrical and telephone closets, mail rooms and similar areas in the Building not designated for the exclusive use of a particular tenant or for the common use of tenants in general); (4) exterior windows of the Building; (5) elevators serving the Building; and (6) Building standard lighting fixtures (i.e., lamp and ballasts) within the Subleased Premises. Sublandlord shall not be responsible for, and Subtenant shall reimburse Sublandlord within ten (10) business days after demand from Sublandlord, for the cost of any repairs, together with an administrative charge in an amount equal to 10% of the cost thereof, for damage caused by any negligent or intentional act or omission of Subtenant or any person claiming through or under Subtenant or any of Subtenant's employees, contractors or agents or because of use of the Subleased Premises for other than normal and customary office operations. Sublandlord shall perform its obligations under this Section 5.5(a) within a reasonable time (considering the nature and urgency of the repair) after Sublandlord receives written notice of the need for such repairs or maintenance. Notwithstanding anything to the contrary contained in this Sublease, except as provided in Section 6.2 below or as otherwise expressly provided in this Sublease, Sublandlord shall not be liable for and there shall be no abatement of rent with respect to, any injury to or interference with Subtenant's business arising from any performance or nonperformance of any repair, maintenance, alteration or improvement in and to any portion of the Project, Building or the Subleased Premises, no actual or constructive eviction of Subtenant shall result from such performance or nonperformance. Subtenant shall not have the right to terminate this Sublease, and Subtenant shall not be relieved from the performance of any covenant or agreement in this Sublease by reason thereof. Subtenant hereby waives and releases its right to make repairs at Sublandlord's expense under Sections 1932(1), 1933(4), 1941 and 1942 of the California Civil Code or any similar or successor laws now or hereinafter in effect.

(b) Subtenant's Maintenance. Subtenant shall, at its sole cost and expense, promptly perform all maintenance and repairs to the Subleased Premises that are not Sublandlord's express responsibility under this Sublease, and shall keep the Subleased Premises in good condition and repair, reasonable wear and tear and repairs that are the express responsibility of Sublandlord under this Sublease excepted. Subtenant's repair obligations include, without limitation, repairs to: (1) the interior side of demising walls; (2) doors; (3) floor coverings; (4) interior partitions, interior glass, interior window treatments, ceiling tiles,

shelving, cabinets, millwork and other tenant improvements; (5) electronic, phone and data cabling and related switches and transmission lines (collectively, "Network Cabling") that is installed by or for the exclusive benefit of Subtenant and located in the Subleased Premises or other portions of the Building or Project, and whether installed under the terms of this Sublease or the License Agreement; (6) supplemental air conditioning units, plumbing and similar facilities as applicable, serving Subtenant exclusively (Subtenant will provide Sublandlord with written copies of all maintenance contracts for such work); and (7) alterations or Subtenant Alterations approved by Sublandlord (and, if required. Landlord) and performed by contractors retained by Subtenant, including related HVAC balancing. All work shall be performed in accordance with the rules and procedures described in this Sublease, the Master Lease, or as may otherwise be issued from time to time by Landlord or Sublandlord. If Subtenant fails to make any repairs to the Subleased Premises for more than fifteen (15) days after written notice from Sublandlord (although notice shall not be required if there is an emergency), Sublandlord may make the repairs, and Subtenant shall pay the reasonable cost of the repairs to Sublandlord within ten (10) business days after receipt of an invoice, together with an administrative charge in an amount equal to 10% of the cost of the repairs.

5.6 Compliance with Laws. Subtenant shall comply with all laws, including, without limitation, the Americans with Disabilities Act, regarding the operation of Subtenant's business and the use, condition, configuration and occupancy of the Subleased Premises and any Subtenant Alterations in the Subleased Premises; provided, however, that Subtenant shall have no obligation to comply with laws requiring improvements to the common areas or the Building structure, except to the extent the same are necessitated by any Subtenant Improvements or Subtenant's use of the Subleased Premises for other than general office use. and office conference center and training use. Sublandlord shall comply with ail laws relating to the common areas and the base Building (except to the extent that such compliance is the responsibility of Landlord under the Master Lease), provided that compliance with such laws is not necessitated by Subtenant Improvements or Subtenant's use of the Subleased Premises for other than general office use, and office conference center and training use and is not otherwise the responsibility of Subtenant as expressly provided in this Sublease, and provided further that Sublandlord's failure to comply therewith would prohibit Subtenant from obtaining or maintaining a certificate of occupancy for the Subleased Premises, would unreasonably and materially affect the safety of Subtenant or Subtenant's employees, would create a significant health hazard for Subtenant or Subtenant's employees or would otherwise materially interfere with Subtenant or Subtenant's employees' use and enjoyment of the Subleased Premises. Subtenant, within ten (10) days after receipt, shall provide Sublandlord with copies of any notices it receives regarding a violation or alleged violation of any laws. Subtenant shall comply with the rules and regulations of the Building and such other reasonable rules and regulations adopted by Sublandlord from time to time and with all recorded covenants, conditions and restrictions now or hereafter affecting the Building or the Project (collectively, "CC&Rs") that do not prohibit Subtenant's use of the Subleased Premises for general office use, and office conference center and training use and to the extent the same do not materially adversely increase Subtenant's obligations or materially adversely decrease Subtenant's rights under this Sublease.

6. Services.

6.1 Generally. Sublandlord agrees to furnish Subtenant with the following services on all days, 24-hours per day (except as otherwise stated), all of which shall be included in Base Rent except as otherwise provided in this Sublease with respect to excess usage:

(a) Water. Running City water from the regular Building outlets for drinking, lavatory and toilet purposes in (i) the Building Common Areas on the floor on which the Subleased Premises are located, and (ii) to the sink and ice maker located in the Subleased Premises as of the Effective Date. If Subtenant desires any additional water in the Subleased Premises for any approved reason, including for kitchen areas in the Subleased Premises, running City water shall be supplied, at Subtenant's sole cost and expense, from the Building water main through a line and fixtures installed at Subtenant's sole cost and expense with the prior reasonable consent of Sublandlord. If Subtenant desires additional hot water in the Subleased Premises, Subtenant, at its sole cost and expense and subject to the prior reasonable consent of Sublandlord, may install a hot water heater and a dishwasher in the Subleased Premises;

(b) HVAC.

(1) Generally. Heating, ventilation and air conditioning ("HVAC") in season during Building Hours (i.e., 8:00 a.m. to 6:00 p.m., Monday through Friday, holidays excepted), at such temperatures and in such amounts as required by governmental authority. Subtenant shall have the right to receive HVAC service during hours other than Building Hours using Sublandlord's "after-hours" access card system, Subtenant shall pay Sublandlord the standard charge established from time to time by Sublandlord for the additional service, which charge Subtenant acknowledges for after-hours HVAC service is currently **[$89.60 per floor]** (or partial floor) per hour as of the date of this Sublease, and which cost may be increased to the extent that Sublandlord's actual cost (hereinafter defined) of providing such "after hours" HVAC increases from time to time. The minimum time period for after hours HVAC usage shall be one (1) hour. For purpose of this Section 6.1(b), "actual cost" shall mean the actual cost incurred by Sublandlord, as reasonably determined by Sublandlord, inclusive of a reasonable allocation for wear and tear, depreciation, provided that, notwithstanding the foregoing, any amount actually charged by any unrelated third party to Sublandlord for the supply of HVAC shall be deemed Sublandlord's "actual cost". When determining the actual cost of Subtenant's utility usage pursuant to the terms of this Section 6.1(b), Sublandlord agrees that it shall use the monthly average rate paid by Sublandlord for a particular utility;

(c) Janitorial. Janitor service five (5) days per week (except on dates of the observation of holidays); provided that if Subtenant's use, floor covering or other improvements require special services in excess of the standard services for the Building, Subtenant shall pay the additional cost attributable to the special services;

(d) Access. Subtenant shall have access to the Subleased Premises 24-hours per day, 7 days a week, subject to temporary closures due to emergency, casualty, Sublandlord's security requirements and maintenance, repair or changes to the Building or Project;

(e) Electricity. Electricity to the Subleased Premises for general office use, and office conference center and training use, in accordance with and subject to the terms and conditions of Section 7 below;

(f) Security. On-site Project (as opposed to Building) security equipment, personnel and procedures, if any, as Sublandlord may elect in its sole discretion to establish from time to time; and

(g) Other. Such other services as Sublandlord reasonably determines are necessary or appropriate for the Building or Project.

6.2 Interruption of Service. Sublandlord's failure to furnish, or any interruption or termination of, services due to the application of laws, the failure of any equipment, the performance of repairs, improvements or alterations, or the occurrence of any event or cause beyond the reasonable control of Sublandlord (a "**Service Failure**"), shall not render Sublandlord liable to Subtenant, constitute a constructive eviction of Subtenant, give rise to an abatement of rent (except as expressly set forth herein), nor relieve Subtenant from the obligation to fulfill any covenant or agreement, provided that if any interruption in services to the Subleased Premises (i) continues for five (5) consecutive business days or more, (ii) is due to the act or omission of Sublandlord or Sublandlord's employees or agents, (iii) is not attributable to the acts or omissions of Subtenant or Subtenant's employees, invitees or agents and (iv) prevents Subtenant from occupying any material portion of the Subleased Premises, Base Rent shall abate from and after the fifth (5th) consecutive business day of the interruption to the extent the Subleased Premises are rendered unusable and are actually not used by Subtenant as a result thereof. In no event, however, shall Sublandlord be liable to Subtenant for any loss or damage, direct or indirect, special or consequential, including loss of business or theft of Subtenant's property, arising out of or in connection with the failure of any security services, personnel or equipment.

7. Use of Electrical Services by Subtenant.

7.1 Normal Electrical Usage. The Building has been designed to accommodate electrical receptacle (120/208v) loads of three and one half (3.5) watts per usable square foot and an average lighting load of two (2) watts per usable square foot during Building Hours, with such average determined on a monthly basis (the "**Standard Electrical Usage**"), which electrical usage shall be subject to applicable laws, including Title 24. Subtenant will design Subtenant's electrical system serving any equipment producing nonlinear electrical loads to accommodate such nonlinear electrical loads, including, but not limited to, oversizing neutral conductors, derating transformers and/or providing power-line filters. Engineering plans shall include a calculation of Subtenant's fully connected electrical design load with and without demand factors and shall indicate the number of watts of unmetered and submetered loads. Electrical service to the Subleased Premises may be furnished by one or more companies providing electrical generation, transmission and distribution services, and the cost of electricity may consist of several different components or separate charges for such services, such as generation, distribution and stranded cost charges. Sublandlord shall have the exclusive right to select any company providing electrical service to the Subleased Premises, to aggregate the electrical service for the Project, Building or Subleased Premises with other buildings, to

purchase electricity through a broker and/or buyers group and to change the providers and manner of purchasing electricity. Subtenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Subleased Premises. Sublandlord, shall bear the cost of lamps, starters and ballasts for Building standard lighting fixtures within the Subleased Premises.

7.2 Excess Usage. Subtenant's use of electrical service shall not exceed, either in voltage, rated capacity or overall load, the Standard Electrical Usage. If Subtenant requests permission to consume excess electrical service, Sublandlord may refuse to consent or may condition consent upon conditions that Sublandlord reasonably elects (including, without limitation, the installation of utility service upgrades, meters, submeters, air handlers or cooling units), and the additional usage (to the extent permitted by law), installation and maintenance costs shall be paid by Subtenant. Sublandlord shall have the right to separately meter or submeter electrical usage for the Subleased Premises and to measure electrical usage by survey or other commonly accepted methods; if Subtenant is consuming in excess of Standard Electrical Usage, such meter or submeter will be installed at Subtenant's cost.

8. Master Lease and Sublease Terms.

8.1 Subject to Master Lease. This Sublease is and shall be at all times subject and subordinate to the Master Lease. Subtenant acknowledges that Subtenant has reviewed and is familiar with all of the terms, agreements, covenants and conditions of the Master Lease. Additionally, Subtenant's rights under this Sublease shall be subject to the terms of the Consent. During the Term and for all periods subsequent thereto with respect to obligations which have arisen prior to the termination of this Sublease, Subtenant agrees to perform and comply with, for the benefit of Sublandlord and Landlord, the obligations of Sublandlord under the Master Lease which pertain to the Subleased Premises and/or this Sublease, except for those provisions of the Master Lease which are directly contradicted by this Sublease, in which event the terms of this Sublease document shall control over the Master Lease. Sublandlord agrees that during the Term, Sublandlord will not amend, modify or voluntarily terminate the Master Lease in a manner which increases Subtenant's obligations hereunder as materially adversely affects Subtenant's rights hereunder. The foregoing will not preclude Sublandlord from terminating the Master Lease in the event of casualty or condemnation.

8.2 Incorporation of Terms of Master Lease. The terms, conditions and respective obligations of Sublandlord and Subtenant to each other under this Sublease shall be the terms and conditions of the Master Lease, except for those provisions of the Master Lease which are directly contradicted by this Sublease, in which event the terms of this Sublease shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Landlord" is used it shall be deemed to mean Sublandlord and wherever in the Master Lease the word "Tenant" is used it shall be deemed to mean Subtenant and wherever in the Master Lease the word "Premises" is used it shall be deemed to mean Subleased Premises. Any non-liability, release, indemnity or hold harmless provision in the Master Lease for the benefit of Landlord that is incorporated herein by reference, shall be deemed to inure to the benefit of Sublandlord, Landlord, and any other person intended to be benefited by said provision, for the purpose of incorporation by reference in this Sublease. Any right of Landlord

under the Master Lease (a) of access or inspection, (b) to do work in the Master Lease Premises or in the Building, or (c) in respect of rules and regulations, which is incorporated herein by reference, shall be deemed to inure to the benefit of Sublandlord, Landlord, and any other person intended to be benefited by said provision, for the purpose of incorporation by reference in this Sublease,

8.3 Clarifications. For the purposes of incorporation herein, the terms of the Master Lease are subject to the following additional modifications:

(a) Approvals. In all provisions of the Master Lease (under the terms thereof and without regard to modifications thereof for purposes of incorporation into this Sublease) requiring the approval or consent of Landlord, Subtenant shall be required to obtain the approval or consent of both Sublandlord and Landlord. Except as otherwise provided herein, Sublandlord shall not unreasonably withhold, or delay its consent to or approval of a matter if such consent or approval is required under the provisions of the Master Lease and Landlord has consented to or approved of such matter.

(b) Deliveries. In all provisions of the Master Lease requiring Tenant to submit, exhibit to, supply or provide Landlord with evidence, certificates, or any other matter or thing, Subtenant shall be required to submit, exhibit to, supply or provide, as the case may be, the same to both Landlord and Sublandlord.

(c) Damage; Condemnation. Sublandlord shall have no obligation to restore or rebuild any portion of the Subleased Premises after any destruction or taking by eminent domain; provided that if and to the extent the Subleased Premises contain improvements which constitute “Alterations” or “Tenant Improvements”, as said terms are described in the Master Lease, and Sublandlord, as the Tenant under the Master Lease, is required to restore such Tenant Improvements or Alterations. Sublandlord will perform such work in accordance with the terms of the Master Lease. Sublandlord will not, however, have any obligation to repair or service any Subtenant Alterations.

(d) Insurance. In all provisions of the Master Lease requiring Tenant to designate Landlord as an additional or named insured on its insurance policy. Subtenant shall be required to so designate Landlord and Sublandlord on its insurance policy.

8.4 Exclusions. Notwithstanding the terms of Section 8.2 above, Subtenant shall have no rights nor obligations under the following parts, Sections and Exhibits of the Master Lease:

(a) Original Master Lease: Article 1, Section 2.A.iv (second paragraph), Section 2.A.vi., Section 2.B., Section 2.C, Section 3.A (first, third, fourth and fifth sentences only), Section 3.C, Sections 4.A, 4.B. and 4.D, Article 5, Sections 6.A, 6.B (clauses vii, and viii and final sentence only), Sections 6.C, 7.A (the reference to “Landlord” in the seventh sentence will be deemed a reference to Landlord only, not Sublandlord), 8.A (the reference to “Landlord” in this Section will be deemed a reference to Landlord only, not Sublandlord), 8.B, 8.C, 8.D, 8.E, 8.G, 9.B, Article 11, Sections 14.B (final sentence only), 17.B

(clause (ii) and references to “Monthly Amortized Costs” only), Article 18, Article 19, Article 20, Sections 21.C, 21.M, 21.T, 21.W.

(b) First Amendment: All.

(c) Second Amendment: All.

8.5 Modifications. Notwithstanding the terms of Section 8.2 above, the following provisions of the Master Lease are modified as described below for the purpose of their incorporation into this Sublease:

(a) With respect to Article 15 of the Original Master Lease, if Landlord elects to terminate the Master Lease pursuant to Section 15.B of the Original Master Lease or if Sublandlord elects to terminate the Master Lease pursuant to Section 15.C of the Original Master Lease, Sublandlord will promptly notify Subtenant and this Sublease will terminate concurrently with the termination of the Master Lease. If neither Landlord nor Sublandlord elects to terminate the Master Lease, Sublandlord will nonetheless provide Subtenant with a copy of Landlord’s notice of the time necessary to complete repairs as provided in Section 15.C of the Original Master Lease, as well as an estimate of the additional time necessary for Sublandlord to complete any repairs required of Sublandlord pursuant to the provisions of Article 15 of the Original Master Lease, and (x) Subtenant will have the same right to terminate the Sublease as Sublandlord has to terminate the Master Lease as described in the second (2nd) and fourth (4th) sentences of Section 15.C of the Original Master Lease as incorporated herein; provided that for such purposes references in the second (2nd) and fourth (4th) sentences of Section 15.C to “Landlord” or Landlord’s” will be deemed to be references to “Sublandlord” or “Sublandlord’s” and “Landlord” or “Landlord’s”.

(b) Intentionally Omitted.

(c) With respect to Section 17.E of the Original Master Lease, in clauses (ii) and (iii), in each case the phrase “has a net worth at the time of and thereafter sufficient to enable it to meet its obligations under this Lease” is deleted and restated, for the purposes of incorporation herein, as follows: “has a net worth which, in Sublandlord’s reasonable determination, is equal to or in excess of the net worth of Subtenant as of the date immediately preceding the proposed assignment and is sufficient to enable it to meet its obligations under this Lease.”

(d) Except as set forth in Section 8.5(b) above, references in the following provisions of the Master Lease to “Landlord” shall mean “Landlord”: Articles 15 and 16.

(e) With respect to Section 21(g) of the Original Master Lease, Sublandlord will be permitted to enter the Subleased Premises in order to perform any maintenance and repair tasks applicable to the Subleased Premises or the Building or to facilitate the construction of improvements within the Building which work will not require Subtenant’s prior consent. Sublandlord agrees to use reasonable efforts to minimize disturbance to Subtenant’s business operations in the Subleased Premises as a result of any such entry,

however, the parties acknowledge that Sublandlord shall not be required to provide advance notice to Subtenant of any such entry.

(f) With respect to Subtenant's obligations upon the expiration or earlier termination of this Sublease in accordance with the provisions of Section 6.B. of the Original Master Lease incorporated herein, the reference in the 5th sentence to Subtenant's obligation to restore the premises to the condition that existed as of the commencement date of the Master Lease shall be deemed to obligate Subtenant to restore the Subleased Premises to the condition that existed as of the commencement of the License Agreement. Without limiting the generality of the foregoing or the provisions of Section 15(c) of this Sublease, the parties acknowledge that upon the expiration or earlier termination of this Sublease, as between Subtenant and Sublandlord, Subtenant shall be responsible for any and all costs associated with the repair and restoration of any portion of the Subleased Premises altered, improved or modified by, on behalf of or at the instance of Subtenant, whether such alteration, improvement or modification occurred during the Term or during the term of the License Agreement including, without limitation, the improvements set forth on Exhibit B to the Third Amendment to License Agreement.

9. Assignment and Subletting.

(a) Generally. Subtenant shall not assign this Sublease or further sublet all or any part of the Subleased Premises except subject to and in compliance with all of the terms and conditions of Article 17 of the Original Master Lease, and Sublandlord (in addition to Landlord) shall have the same rights with respect to assignment and subleasing as Landlord has under such Article 17; provided, however, that in connection with any proposed assignment or subletting by Subtenant, Sublandlord will have the right, to be exercised by written notice delivered within twenty (20) days after Subtenant's submission of all necessary materials requesting Sublandlord's consent to such assignment or sublease, to terminate this Sublease with respect to the space that is the subject of such proposed assignment or sublease, effective as of the proposed effective date of such proposed assignment or sublease.

9.2 Fees and Costs. Subtenant shall pay all fees and costs payable to Master Landlord pursuant to the Master Lease in connection with any proposed assignment, sublease or transfer of the Subleased Premises, together with all of Sublandlord's reasonable out- of-pocket costs relating to Subtenant's request for such consent, regardless of whether such consent is granted, and the effectiveness of any such consent shall be conditioned upon Master Landlord's and Sublandlord's receipt of all such fees and costs. The sale of shares of Subtenant's stock on a nationally recognized securities exchange in the normal course of trading (as opposed to the transfer of shares in connection with a merger or acquisition) will not constitute an assignment of Subtenant's interest in this Sublease.

10. Default. Except as expressly set forth herein, Subtenant shall perform all obligations in respect of the Subleased Premises that Sublandlord would be required to perform pursuant to the Master Lease, to the extent incorporated herein. It shall constitute an event of default hereunder if Subtenant fails to perform any obligation hereunder (including, without limitation, the obligation to pay Rent), or any obligation under the Master Lease which has been incorporated herein by reference, and, in each instance, Subtenant has not remedied such failure

after delivery of any written notice required under this Sublease and passage of the cure periods prescribed in Article 13 of the Original Master Lease as incorporated herein, provided that with respect to non-monetary defaults. Subtenant's cure period shall be longer of (A) one-half of, or (B) five (5) calendar days less than, the actual cure period provided for such non-monetary default under the Master Lease.

11. Remedies. In the event of any default hereunder by Subtenant, Sublandlord shall have all remedies provided to the "Landlord" in the Master Lease as if an event of default had occurred thereunder and all other rights and remedies otherwise available at law and in equity. Without limiting the generality of the foregoing, Sublandlord may continue this Sublease in effect after Subtenant's breach and abandonment and recover Rent as it becomes due. Sublandlord may resort to its remedies cumulatively or in the alternative.

12. Right to Cure Defaults. If Subtenant fails to perform any of its obligations under this Sublease after expiration of applicable grace or cure periods, then Sublandlord may, but shall not be obligated to, perform any such obligations for Subtenant's account. All costs and expenses incurred by Sublandlord in performing any such act for the account of Subtenant shall be deemed Rent payable by Subtenant to Sublandlord upon demand, together with interest thereon at the lesser of (i) fifteen percent (15%) per annum or (ii) the maximum rate allowable under law (the "Interest Rate") from the date of the expenditure until repaid. If Sublandlord undertakes to perform any of Subtenant's obligations for the account of Subtenant pursuant hereto, the taking of such action shall not constitute a waiver of any of Sublandlord's remedies. Subtenant hereby expressly waives its rights under any statute to make repairs at the expense of Sublandlord.

13. Sublandlord's Liability. Notwithstanding any other term or provision of this Sublease, the liability of Sublandlord to Subtenant for any default in Sublandlord's obligations under this Sublease shall be limited to actual, direct damages, and under no circumstances shall Subtenant, its partners, members, shareholders, directors, agents, officers, employees, contractors, sublessees, successors and/or assigns be entitled to recover from Sublandlord (or otherwise be indemnified by Sublandlord) for (a) any losses, costs, claims, causes of action, damages or other liability incurred in connection with a failure of Landlord, its partners, members, shareholders, directors, agents, officers, employees, contractors, successors and /or assigns to perform or cause to be performed Landlord's obligations under the Master Lease, (b) lost revenues, lost profit or other consequential, special or punitive damages arising in connection with this Sublease for any reason, or (c) any damages or other liability arising from or incurred in connection with the condition of the Subleased Premises or suitability of the Subleased Premises for Subtenant's intended uses. Subtenant shall, however, have the right to seek any injunctive or other equitable remedies as may be available to Subtenant under applicable law. Notwithstanding any other term or provision of this Sublease, no personal liability shall at any time be asserted or enforceable against Sublandlord's stockholders, directors, officers, or partners on account of any of Sublandlord's obligations or actions under this Sublease, As used in this Sublease, the term "Sublandlord" means the holder of the tenant's interest under the Master Lease and the holder of Sublandlord's interest under this Sublease. In the event of any assignment or transfer of the Sublandlord's interest under this Sublease, which assignment or transfer may occur at any time during the Term in Sublandlord's sole discretion, Sublandlord shall be and hereby is entirely relieved of all covenants and obligations of

Sublandlord hereunder accruing subsequent to the date of the transfer and it shall be deemed and construed, without further agreement between the parties hereto, that any transferee has assumed and shall carry out all covenants and obligations thereafter to be performed by Sublandlord hereunder. Sublandlord may transfer and deliver any then existing security deposit to the transferee of Sublandlord's interest under this Sublease, and thereupon Sublandlord shall be discharged from any further liability with respect thereto.

14. Attorneys' Fees. If Sublandlord or Subtenant brings an action to enforce the terms hereof or to declare rights hereunder, the prevailing party who recovers substantially all of the damages, equitable relief or other remedy sought in any such action on trial and appeal shall be entitled to receive from the other party its costs associated therewith, including, without limitation, reasonable attorneys' fees and costs from the other party. Without limiting the generality of the foregoing, if Sublandlord utilizes the services of an attorney for the purpose of collecting any Rent due and unpaid by Subtenant or in connection with any other breach of this Sublease by Subtenant, Subtenant agrees to pay Sublandlord reasonable actual attorneys' fees as determined by Sublandlord for such services, irrespective of whether any legal action may be commenced or filed by Sublandlord. If any such work is performed by in house counsel for Sublandlord, the value of such work shall be determined at a reasonable hourly rate for comparable outside counsel.

15. Delivery of Possession.

15.1 Generally. Subject to Sublandlord's obligations to perform certain alterations as set forth in the License Agreement, Sublandlord shall deliver, and Subtenant shall accept, possession of the Subleased Premises in their "AS IS" condition as the Subleased Premises exists on the date of such delivery. Sublandlord shall have no obligation to furnish, render or supply any work, labor, services, materials, furniture other than the Furniture, defined below, fixtures, equipment, decorations or other items to make the Subleased Premises ready or suitable for Subtenant's occupancy. In making and executing this Sublease, Subtenant has relied solely on such investigations, examinations and inspections as Subtenant has chosen to make or has made and has not relied on any representation or warranty concerning the Subleased Premises or the Building, except as expressly set forth in this Sublease. Subtenant acknowledges that Sublandlord has afforded Subtenant the opportunity for full and complete investigations, examinations and inspections of the Subleased Premises and the Building Common Areas. Subtenant acknowledges that it is not authorized to make or perform any alterations or improvements in or to the Subleased Premises except as permitted by the provisions of this Sublease and the Master Lease and that upon termination of this Sublease, Subtenant shall deliver the Subleased Premises to Sublandlord in the same condition as the Subleased Premises were at the commencement of the term of the License Agreement, reasonable wear and tear excepted; in any event, at Subtenant's cost, Subtenant will remove all telecommunications and data cabling (including Network Cabling) installed by or for the benefit of Subtenant.

15.2 Subtenant's Alterations.

(a) Generally. Any improvements to the Subleased Premises ("**Subtenant Alterations**") shall be carried out in accordance with, and will be deemed "alterations" for the purpose of the Master Lease and will be subject to Landlord's prior written

approval to the extent required under the Master Lease. Sublandlord will have the right to approve the plans and specifications for any proposed Subtenant Alterations, as well as any contractors whom Subtenant proposes to retain to perform such work (provided that Sublandlord may designate the contractors who will perform work on the Building's electrical, HVAC or life- safety systems). Sublandlord's consent shall not be unreasonably withheld with respect to proposed Subtenant Alterations that (a) comply with all applicable laws; (b) are compatible with the Building, its architecture and its mechanical, electrical, HVAC and life safety systems; (c) do not interfere with the use and occupancy of any other portion of the Building by any other occupant or their invitees; (d) do not affect the structural portions of the Building; (e) do not and shall not, whether alone or taken together with other improvements, require the construction of any other improvements or alterations within the Building; (f) do not reduce the value of the Subleased Premises or increase the cost to Sublandlord of reletting the Premises; and (g) do not affect the exterior appearance of the Building. Additionally, Sublandlord may require that Subtenant incorporate "Project-Standard" materials with respect to (i) ceiling tile, (ii) lighting, (iii) doors, frames and hardware and (iv) other similar finish components. In determining whether to consent to proposed Subtenant Alterations, Sublandlord shall have the right to review and approve plans and specifications for proposed Subtenant Alterations, construction means and methods, the identity of any contractor or subcontractor to be employed on the work for Subtenant Alterations, and the time for performance of such work. In connection with any- proposed Subtenant Alterations, Subtenant will be solely responsible for providing any security required by Landlord pursuant to Section 7.A. of the Original Master Lease. Additionally, if Sublandlord in good faith determines that Sublandlord proposes to construct Subtenant Alterations which would be materially more expensive to remove than the typical office improvements located in the Building, Sublandlord, in Sublandlord's discretion, may require as a condition to granting its consent to such proposed Subtenant Alterations that Subtenant make a security deposit in an amount reasonably determined by Sublandlord to be sufficient to secure the performance of Subtenant's obligation to restore or remove such Subtenant Alterations at the expiration or sooner termination of the Sublease. Subtenant shall supply to Sublandlord any documents and information reasonably requested by Sublandlord in connection with any Subtenant Alterations. Sublandlord may hire outside consultants to review such documents and information and Subtenant shall reimburse Sublandlord for the cost thereof as well as Sublandlord's internal costs. All Subtenant Alterations permitted hereunder shall be made and performed by Subtenant without cost or expense to Sublandlord, except with respect to Sublandlord's funding of the Allowance, described below. Upon completion of any Subtenant Alterations, Subtenant shall provide Sublandlord, at Subtenant's expense, with a complete set of "as built" plans on Mylar and specifications reflecting the actual conditions of the Subtenant Alterations as constructed in the Subleased Premises, together with a copy of such plans on diskette in AutoCAD format or such other format as may then be in common use for computer assisted design purposes; additionally, Subtenant will provide Sublandlord with the items required under clauses (i) through (iii) of Section 7.A of the Original Master Lease for delivery to Landlord. Sublandlord shall have the right to promulgate commercially reasonable rules and regulations regarding the performance of Subtenant Alterations; Subtenant's initial guidelines for construction are attached hereto as **Exhibit F**. If and to the extent that Landlord imposes a construction management fee with respect to any Subtenant Alterations, or otherwise passes through review fees and costs, Subtenant will be responsible for paying such sums.

(b) Code-Required Work. If the performance of any Subtenant Alterations or other work by Subtenant within the Subleased Premises "triggers" a requirement for code-related upgrades to or improvements of any portion of the Building or Project, Subtenant shall be responsible for the cost of such code-required upgrade or improvements.

(c) End of Term. Subtenant expressly acknowledges that Landlord or Sublandlord may require Subtenant to remove some or all Subtenant Alterations at the expiration or sooner termination of the Term. Subtenant will be responsible for the removal and/or restoration of any other Subtenant Alterations if required by Landlord or Sublandlord. Subtenant will also be responsible for the performance of the items of work required by clauses (i), (ii), (iii), (iv) and (v) (to the extent Tenant installs cabling that is in addition to the cabling that is already in place before the commencement of the License Agreement) of Section 6.B of the Original Master Lease, to the extent applicable to the Subleased Premises. Subtenant acknowledges that Landlord may notify Sublandlord following the scheduled expiration of this Sublease of Landlord's determination that certain alterations performed by Subtenant must be removed. Sublandlord agrees to attempt to procure Landlord's determination in this regard as soon as reasonably possible; however, the parties acknowledge that Subtenant's obligation to remove any Subtenant Alterations which Landlord requires the removal of (and the removal of which is not the express responsibility of Sublandlord pursuant to this Section 15.2(c) will survive the expiration or sooner termination of this Sublease.

15.3 Holding Over. If Subtenant holds over after the expiration or earlier termination of this Sublease with the express or implied consent of Sublandlord, such tenancy shall be from month-to-month only and shall not constitute a renewal hereof or an extension for any further term. Such month-to-month tenancy shall be subject to all the terms and provisions of this Sublease, except that Subtenant shall pay Base Rent in an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the sum of the Base Rent due for the period immediately preceding the holdover. Nothing contained in this Section 16 shall be construed as consent by Sublandlord to any holding over by Subtenant, and Sublandlord expressly reserves the right to recover immediate possession of the Subleased Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Sublandlord is unable to deliver possession of the Subleased Premises to a new subtenant or to Landlord, as the case may be, or to perform improvements for a new subtenant, as a result of Subtenant's holdover, Subtenant shall be liable to Sublandlord for all damages, including, without limitation, consequential damages, that Sublandlord suffers from the holdover; Subtenant expressly acknowledges that such damages may include all of the holdover rent charged by Landlord under the Master Lease as a result of Subtenant's holdover, which Master Lease holdover rent may apply to the entire Master Lease Premises. Notwithstanding any other term or provision of this Sublease, if the Term expires on the Expiration Date (as opposed to an early termination for any reason), Subtenant shall be entitled to hold over, without any payment of Base Rent, solely for the purpose of performing any repair/restoration obligations of Subtenant under this Sublease, so long as (x) Subtenant's work of repair/restoration does not interfere with Sublandlord's restoration work, if any, which is concurrently being performed in the Building and (y) in no event will Subtenant have any right to remain in the Subleased Premises for any reason whatsoever following the date which precedes the date of expiration of the term of the Master Lease.

16. Parking. Intentionally omitted.

17. Notices: Any notice by either party to the other required, permitted or provided for herein shall be valid only if in writing and shall be deemed to be duly given only if (a) delivered personally, or (b) sent by means of Federal Express, UPS Next Day Air or another reputable express mail delivery service guaranteeing next business day delivery, or (c) sent by United States certified or registered mail, return receipt requested, addressed: (i) if to Sublandlord, at the following addresses:

Oracle America, Inc.
c/o Oracle Corporation
1001 Sunset Boulevard
Rocklin, California 95765
Attn: Lease Administration

with a copy to:

Oracle America, Inc.
c/o Oracle Corporation
500 Oracle Parkway
Box 50P7
Redwood Shores, California 94065
Attn: Legal Department

and (ii) if to Subtenant, at the following address:

Guidewire Software
2211 Bridgepointe Parkway Suite 200
San Mateo, CA 94404
Attn: Karen Blasing

or at such other address for either party as that party may designate by notice to the other. A notice shall be deemed given and effective, if delivered personally, upon hand delivery thereof (unless such delivery takes place after hours or on a holiday or weekend, in which event the notice shall be deemed given on the next succeeding business day), if sent via overnight courier, on the business day next succeeding delivery to the courier, and if mailed by United States certified or registered mail, three (3) business days following such mailing in accordance with this Section.

18. Furniture. During the Term, at no charge to Subtenant, Subtenant shall be permitted to use the existing modular and office furniture and cabling located in the Subleased Premises and as shown in the diagram attached hereto as **Exhibit C** (the "Furniture"). Subtenant shall accept the Furniture in its current condition without any warranty of fitness from Sublandlord (Subtenant expressly acknowledges that no warranty is made by Sublandlord with respect to the condition of any cabling currently located in or serving the Subleased Premises); for purposes of documenting the current condition of the Furniture, Subtenant and Sublandlord

shall, prior to the Commencement Date, conduct a joint walk-through of the Subleased Premises in order to inventory items of damage or disrepair in the Furniture. Subtenant shall use the Furniture only for the purposes for which such Furniture is intended and shall be responsible for the proper maintenance, care and repair of the Furniture, at Subtenant's sole cost and expense; and, if an applicable warranty for a particular piece of furniture is in effect, Subtenant shall use maintenance contractors specified by Sublandlord for said item. No item of Furniture shall be removed from the Subleased Premises without Sublandlord's prior written consent. On or about the date of expiration of the Term, the parties shall once again conduct a walk-through of the Subleased Premises to catalog any items of damage, disrepair, misuse or loss among the Furniture (reasonable wear and tear excepted), and Subtenant shall be responsible, at Subtenant's sole cost and expense, for curing any such items (including, with respect to loss, replacing any lost item with a substantially similar new item reasonably acceptable to Sublandlord). Any work of modifying any Furniture (including, without limitation, changing the configuration of, "breaking down" or reassembly of cubicles or other modular furniture) shall be performed at Subtenant's sole cost using Sublandlord's specified vendors or an alternate vendor approved in writing by Sublandlord (such approval to be granted or withheld in Sublandlord's reasonable and good faith discretion, based upon Sublandlord's assessment of factors which include, without limitation, whether the performance by such vendor will void applicable warranties for such furniture and whether such vendor is sufficiently experienced in the design of such furniture). Notwithstanding the foregoing, Sublandlord will remove, at its own cost, any Furniture from the Subleased Premises requested by Subtenant prior to the Commencement Date or prior to a mutually agreed upon date, provided that Subtenant delivers to Sublandlord notice specifying the items to be removed at least ten (10) days prior to the Commencement Date or mutually agreed upon date. Following such removal, any such items so removed will no longer be deemed to be included with the definition of "Furniture" and, at Landlord's option, the parties will jointly execute a revised **Exhibit C** reflecting the revised Furniture Inventory.

19. Access System. Subtenant acknowledges that Sublandlord currently has an access system monitoring access to the Project and the Building (but not to the Subleased Premises). Subtenant acknowledges that there are card readers installed throughout the Building and Project which are part of Sublandlord's access system. Subtenant will not interfere with, adjust or damage any such card readers. To the fullest extent permitted under applicable law, Subtenant hereby acknowledges that, except for making the card key reader system available for Subtenant's use and except for servicing and maintaining the system, Sublandlord shall not be responsible for providing access or security services to Subtenant, and that Subtenant shall be solely responsible for providing its own security service, if any. Sublandlord shall provide Subtenant with card keys (one (1) key for each workstation in the Subleased Premises) at no initial cost to Subtenant; Sublandlord may, however, charge Subtenant for lost or replacement card keys. In addition, if a separate card key is required, Sublandlord shall provide Subtenant with a reasonable number of card keys for access to the vestibules for the freight elevator.

20. Signage. Subtenant shall be entitled, at Subtenant's cost, to install (a) Project-standard signage identifying Subtenant in the main lobby of the Building and (b) subject to the prior written approval of Sublandlord and Landlord with respect to graphics, materials, color, design, lettering, lighting, size, specifications, location and manner of installation and the procurement, at Subtenant's sole cost and expense, of all required governmental approvals and permits therefor, a single sign at each of the entrances to the Subleased Premises, as more particularly shown on **Exhibit A** attached hereto; provided that Subtenant will have the same removal/restoration obligations with respect to such signage as Subtenant has with respect to any Subtenant Alteration.

21. Telecom Riser Rooms. Each floor of the Building has a separate room (each, a "Telecom Riser Room") which was used by the prior occupant of the Building to connect with the main telecommunications distribution frame ("MDF") serving the Building and the Project; the Telecom Riser Rooms serve as the central point of distribution for telecommunications fiber for all floors in the Building. As of the date of this Sublease, the Telecom Riser Rooms serving the Subleased Premises shall remain locked unless otherwise determined by Sublandlord, but considered common space accessible to Sublandlord and, upon prior coordination of such access with, and subject to supervision by. Sublandlord or the property manager for the Project, other Building occupants (including Subtenant). Other Building occupants who wish to use the telecom riser fiber in the Building may require access to all other Telecom Riser Rooms (including Telecom Riser rooms on floors below the floors on which their separate subleased premises are located) through which their fiber passes. Subtenant may elect to use the Telecom Riser Rooms serving the Subleased Premises for connecting to the MDF, [however, Subtenant may not interfere with any pre-existing Building fiber installed in or connected to any Telecom Riser Room nor may Subtenant prevent Sublandlord (or any other Building occupants) from accessing the Telecom Riser Rooms serving the Subleased Premises; however, Subtenant will have the right to supervise the performance of any other occupants' work in the Telecom Riser Rooms on the floor(s) where the Subleased Premises are located (and, similarly, if Subtenant wishes to have access to the Telecom Riser Rooms on any floor in the Building where the Subleased Premises is not located, Subtenant may be subject to the supervision of the occupant(s) of such floor during the performance of any such work),] All work performed by or on behalf of Subtenant in any Telecom Riser Room will be performed in strict compliance with such guidelines as Sublandlord may, from time to time, promulgate. Alternatively, Subtenant may elect to relocate Subtenant's voice and data cabling to another location within the Subleased Premises at Subtenant's sole cost and expense. All vertical cabling to be installed by Subtenant shall be in such room in a location designated and approved by Sublandlord and Sublandlord may need future access to allow other Subtenants to core drill and pull additional fiber.

22. Project Renovations. It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Subleased Premises, Building, or any part thereof and that no representations respecting the condition of the Subleased Premises or the Building have been made by Sublandlord to Subtenant except as specifically set forth herein. However, Subtenant hereby acknowledges that Sublandlord is currently renovating or may during the Term renovate, improve, alter, or modify (collectively, the "Renovations") the Project, the Building and/or the Subleased Premises, including, but not limited to, installing a building directory in the main

lobby of the Building and providing lobby furniture consistent with the main building lobby. Subtenant hereby agrees that such Renovations shall in no way constitute a constructive eviction of Subtenant nor. except as expressly set forth in Section 6.2 above, entitle Subtenant to any abatement of Rent. Sublandlord shall have no responsibility and shall not be liable to Subtenant for any injury to or interference with Subtenant's business arising from the Renovations, nor shall Subtenant be entitled to any compensation or damages from Sublandlord for loss of the use of the whole or any part of the Subleased Premises or of Subtenant's personal property or improvements resulting from the Renovations, or for any inconvenience or annoyance occasioned by such Renovations,

23. Brokers. Subtenant represents that it has not with any brokers except for Sublandlord's Broker in connection with this Sublease. Sublandlord represents that it has dealt directly with and only with Colliers International ("Sublandlord's Broker"), as a broker in connection with this Sublease. Sublandlord and Subtenant shall indemnify and hold each other harmless from all claims of any brokers other than Sublandlord's Broker claiming to have represented Sublandlord or Subtenant in connection with this Sublease.

24. Complete Agreement. There are no representations, warranties, agreements, arrangements or understandings, oral or written, between the parties or their representatives relating to the subject matter of this Sublease which are not fully expressed in this Sublease. This Sublease cannot be changed or terminated nor may any of its provisions be waived orally or in any manner other than by a written agreement executed by both parties.

25. USA Patriot Act Disclosures. Subtenant is currently in compliance with and shall at all times during the Term remain in compliance with the regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001. Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

26. Interpretation. Irrespective of the place of execution or performance, this Sublease shall be governed by and construed in accordance with the laws of the State of California. If any provision of this Sublease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Sublease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease or any part thereof to be drafted. If any words or phrases in this Sublease shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Sublease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Sublease and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. Each covenant, agreement, obligation or other provision of this Sublease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making same, not

dependent on any other provision of this Sublease unless otherwise expressly provided. All terms and words used in this Sublease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The word "person" as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or entity.

27. Counterparts. This Sublease may be executed in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. This Sublease shall be fully executed when each party whose signature is required has signed and delivered to each of the parties at least one counterpart, even though no single counterpart contains the signatures of all parties hereto.

IN WITNESS WHEREOF, the parties hereto hereby execute this Sublease as of the day and year first above written.

SUBLANDLORD:	ORACLE AMERICA, INC., a Delaware corporation
By:	/s/ Randall W. Smith
Print Name:	Randall W. Smith
Title:	VP, Real Estate & Facilities
SUBTENANT:	GUIDEWIRE SOFTWARE, INC., a Delaware corporation
By:	/s/ Karen Blasing
Print Name:	Karen Blasing
Title:	Chief Financial Officer

EXHIBIT A

Conference Center

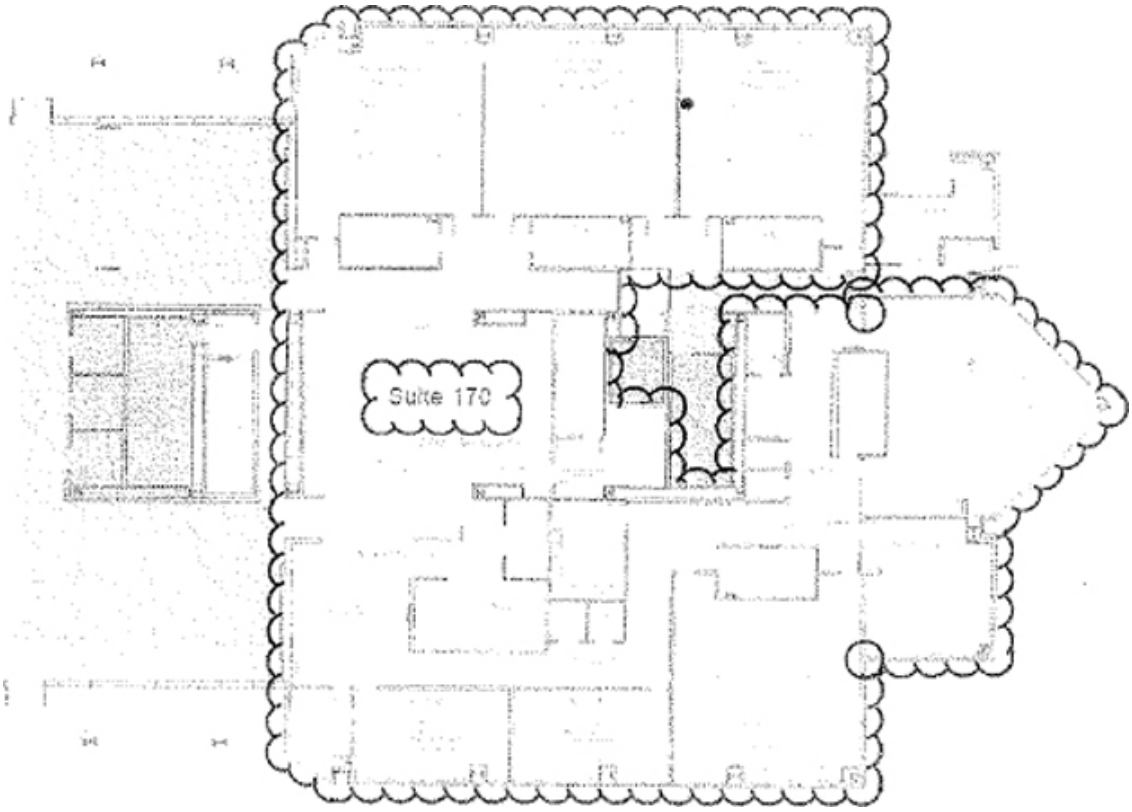


EXHIBIT B

Commencement Agreement

Date _____

Subtenant Address Guidewire Software, Inc.
_____
_____
_____

Re: Commencement Letter with respect to that certain Sublease dated as of the day of , , by and between **ORACLE AMERICA, INC., a Delaware corporation**, as Sublandlord., and **GUIDEWIRE SOFTWARE, INC., a Delaware corporation**, as Subtenant, for certain premises known as the Conference Center located on the ground floor of the Building located at 2207 Bridgepointe Parkway, San Mateo, California.

Dear :

In accordance with the terms and conditions of the above referenced Sublease, Subtenant accepts possession of the Subleased Premises and agrees:

1. The Commencement Date is ;

2. The Expiration Date is .

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

_____
Authorized Signatory

Agreed and Accepted:

Subtenant: GUIDEWIRE SOFTWARE, INC.

By: **[DO NOT SIGN - EXHIBIT]**
Name: _____
Title: _____
Date: _____

EXHIBIT C

Furniture Inventory

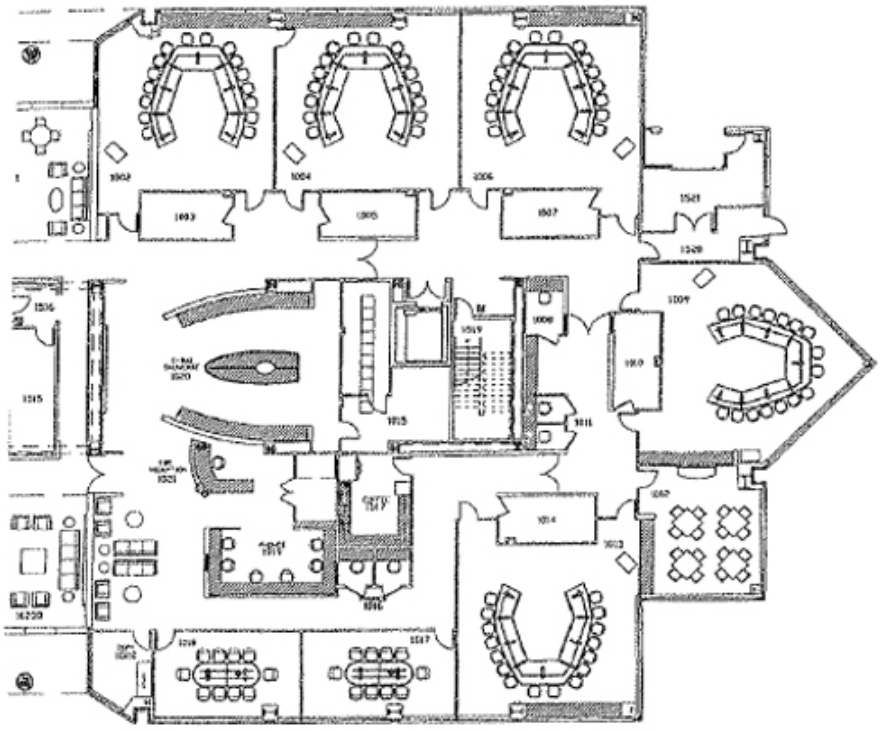
1

SIEBEL SYSTEMS

BRIDGEPOINTE
BLD. 3 - FLOOR 1
SAN MATEO, CA.

kbm

520 SOUTH FIRST STREET
SAN JOSE, CALIFORNIA 95113
408.938.2300
FAX 408.938.0699



PROJ. #	1828
DWG. NAME	B3F1
DATE	01.20.00
SALESPERSON	BW
DESIGNER	RR

REVISION/ISSUE

DATE	DESCRIPTION	BY
01.04.00	Issued for Review	RR
01.11.00	Rev. Furniture	RR
01.13.00	Updated Furniture	RR
01.20.00	Per Sue per IA	RR
01.20.00	Per Client Center as b	RR
01.20.00	Per BBC tables	RR

SCALE
N.T.S.

SHEET NO.

EXHIBIT C to SUBLEASE - Conference Center Projection Rooms' Inventory

Room 1003 (projection room to 170A)

One projector - Proxima PRO AV 9320 (Siebel Tag 37317)
One projection Mirror
One equipment rack
One Crestron AC Control Processor
One Shure SCM 268 Microphone Mixer
One Denon AVR 3300 Receiver
One Peavex IPS 150 Acoustic Controller

Room 1005 (projection room to 170B)

One projector - Proxima PRO AV 9320 (Siebel Tag 37318)
One projection mirror large
One projection mirror small
One empty equipment rack

Room 1007

One projector Proxima PRO AV 9320
One projection mirror rack large
One empty equipment rack

Room 1010

One projection mirror large
Two projection mirrors small
1 equipment rack with Autopatch and Cybex Autoboot Commander

Room 1014

One projector - Proxima PRO AV 9320
One projection mirror large
One empty equipment rack

Room 1015

3 shelving units
1 conference room chair with broken arm
1 small round glass top tables
One small round glass top table without glass
1 task table

Non-designated projection room inside 1015

One projector - Proxima PRO AV 9320
One projection mirror large
One equipment rack with 2 Sony VCR machines and one Sony DVD Machine

EXHIBIT D

Rules and Regulations

1. Sidewalks, doorways, halls, stairways, vestibules and other similar areas shall not be obstructed by any tenant or used by them for purpose other than ingress to and egress from their respective Premises, and for going from one part of the Building to another part.

2. Plumbing fixtures shall be used only for their designated purpose, and no foreign substances of any kind shall be deposited therein. Damage to any such fixture resulting from misuse by Subtenant or any employee or invitee of Subtenant shall be repaired at the expense of Subtenant.

3. Nails, screws and other attachments to the Building require prior written consent from Sublandlord.

4. All contractors and technicians rendering any installation service to Subtenant shall be subject to Sublandlord's approval and supervision prior to performing services. This applies to all work performed in the Building, including, but not limited to, installation of telecommunications equipment, and electrical devices, as well as all installation affecting floors, walls, woodwork, windows, ceilings, and any other physical portion of the Building.

5. Movement in or out of the Building of furniture, office equipment, or other bulky material which requires the use of elevators, stairways, or Building entrance and lobby shall be restricted to hours established by Sublandlord. All such movement shall be under Sublandlord's supervision, and the use of an elevator for such movements shall be restricted to the Building's freight elevators. Prearrangements with Sublandlord shall be made regarding the time, method, and routing of such movement, and Subtenant shall assume all risks of damage and pay the cost of repairing or providing compensation for damage to the Building, to articles moved and injury to persons or public resulting from such moves. Sublandlord shall not be liable for any acts or damages resulting from any such activity, All deliveries to the premises (including the Subleased Premises) are to be made through the loading dock by prior arrangement with Property Management.

6. Corridor doors, when not in use, shall be kept closed.

7. Subtenant shall cooperate with Sublandlord in maintaining the Subleased Premises, Except as expressly set forth in the Sublease, Subtenant shall not employ any person for the purpose of cleaning the Subleased Premises other than the Building's cleaning and maintenance personnel.

8. Deliveries of water, soft drinks, newspapers, or other such items to any Premises shall be restricted to hours established by Sublandlord and made by use of the freight elevators if Sublandlord so directs.

9. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways. No birds, fish, or animals of any kind shall be brought into or kept in, on or about the Subleased Premises.

10. No cooking shall be done in the Subleased Premises except in connection with convenience lunch room or beverage service for employees and guests (on a noncommercial basis) in a manner which complies with all of the provisions of the Sublease and which does not produce fumes or odors.

11. Food, soft drink or other vending machines shall not be placed within the Subleased Premises without Sublandlord's prior written consent.

12. Subtenant shall not use or keep on its Subleased Premises any kerosene, gasoline, or inflammable or combustible fluid or material other than limited quantities reasonably necessary for the operation and maintenance of office equipment.

13. Subtenant shall not tamper with or attempt to adjust temperature control thermostats in the Subleased Premises. Sublandlord shall make adjustments in thermostats on call from Subtenant.

14. Subtenant shall comply with all requirements necessary for the security of the Building, including the use of service passes issued by Sublandlord for after hours movement of office equipment/packages, and signing security register in Building lobby after hours.

15. Upon termination of this Lease, Subtenant shall surrender to Sublandlord all keys and access cards to the Subleased Premises, and give to Sublandlord the combination of all locks for safes and vault doors, if any, in the Subleased Premises.

16. Sublandlord retains the right, without notice or liability to any occupant, to change the name and street address of the Building.

17. Canvassing, peddling, soliciting, and distribution of handbills in the Building are prohibited and each tenant shall cooperate to prevent these activities.

18. Subtenant shall take reasonable steps to prevent the unnecessary generation of refuse (e.g., choosing and using products, packaging, or other materials in business that minimize solid waste or that are durable, reusable, or recyclable). Subtenant shall provide or obtain recycling containers in its business for use by employees and customers, shall recycle acceptable materials in the recycling containers provided by Sublandlord, and shall otherwise participate in the recycling program established by Sublandlord for the Building. Acceptable recyclable materials may include, but are not limited to, the following: newspaper, cardboard, paperboard, office paper and other mixed paper, aluminum, tin and other metal, glass, and #1 (PETE) and #2 (HDPE) plastics.

19. Subtenant shall not, and shall cause its employees, agents, contractors, invitees, customers and visitors not, to smoke in the Subleased Premises or in any portion of the Building, except those areas, if any, expressly designated as smoking areas by Sublandlord. Persons may smoke cigarettes in designated areas only if the smoker uses designated receptacles

for ashes and cigarette butts and does not annoy any nonsmoking persons using the area or interfere with access to the Building.

20. Sublandlord reserves the right to rescind or modify any of these rules and regulations and to make future rules and regulations required for the safety, protection, and maintenance of the Building, the operation and preservation of good order thereof, and the protection and comfort of the tenants and their employees and visitors. Such rules and regulations, when made and written notice given the Subtenant, shall be binding as if originally included herein.

21. No overnight parking or storage of vehicles shall be allowed in the parking facilities serving the Project. Additionally, in no event will maintenance or repair work be performed on vehicles while located in parking facilities serving the Project.

22. Bicycles may be parked in the bicycle racks located throughout the Project or (subject to available storage capacity) stored in the Project's bicycle storage area.

Exhibit 21.1

Country	Subsidiary and address
Australia	**Guidewire Software Pty Ltd.** 2/131 Clarence Street Sydney NSW 2000
Germany	**Guidewire Software GmbH** Zeppelinstrabe 71-73 81669 Munchen
France	**Guidewire Software France SAS** 52 Rue Sainte Anne 75002 Paris FRANCE
United Kingdom	**Guidewire Software Ltd.** St Clements House 27-28 Clements Lane London **EC4N 7AE**
Japan	**Guidewire Software Japan KK** 12/F Yurakucho Ekimae Bldg, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo
Canada	**Guidewire Canada Ltd.** 2810 Matheson Blvd. East Suite 200 Mississauga Ontario Canada L4W 4X7
New Zealand	**Guidewire Software Pty Ltd.** **(New Zealand Branch)** 2/131 Clarence Street Sydney NSW 2000
Hong Kong	**Guidewire Software Asia Ltd.** C/- Vistra (Hong Kong) Limited Suite 5704-5, 57th Floor, Central Plaza 18 Harbour Road, Wanchai, Hong Kong
Ireland	**Guidewire Software (Ireland) Ltd.** 32 Merrion Street Upp Dublin 2 Ireland
Italy	**Guidewire Software Italy SRL.** Via XX Settembre 3 10121 Turin Italy

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 March 1, 2011, except as related to notes 9 and 12 to the Consolidated Financial Statements which are as of August 26, 2011 included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Mountain View, California
September 2, 2011

September 2, 2011

VIA EDGAR

Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

Re: Guidewire Software, Inc. – Registration Statement on Form S-1 (File No. 333-) (the "Registration Statement")

Ladies and Gentlemen:

On behalf of Guidewire Software, Inc., a Delaware corporation (the "**Company**"), pursuant to the Securities Act of 1933, as amended, we hereby transmit for filing via EDGAR the Company's Registration Statement on Form S-1 for the purpose of registering shares of the Company's common stock. Manually executed signature pages and consents have been signed prior to the time of this electronic filing and will be retained by the Company for five years.

Should you have any questions or comments, please do not hesitate to contact me at (650) 752-3139.

Very truly yours,

GOODWIN PROCTER LLP

Richard A. Kline

/s/ Richard A. Kline

cc: Marcus S. Ryu, *Guidewire Software, Inc.*
Craig M. Schmitz, *Goodwin Procter LLP*