

Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - GAAP
(unaudited, in thousands except share and per share amounts)

Description	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	FY 2017 YTD
Revenues:									
License	\$ 32,340	\$ 53,376	\$ 45,796	\$ 88,239	\$ 219,751	\$ 38,721	\$ 64,075	\$ 58,971	\$ 161,767
Maintenance	14,013	14,256	14,676	16,986	59,931	16,532	16,582	16,858	49,972
Services	35,927	34,497	38,388	35,952	144,764	38,874	34,964	47,607	121,445
Total revenues	82,280	102,129	98,860	141,177	424,446	94,127	115,621	123,436	333,184
Cost of revenues:									
License	1,164	1,577	2,137	2,306	\$ 7,184	2,430	2,781	5,208	\$ 10,419
Maintenance	2,475	2,636	3,034	3,402	11,547	3,325	3,079	3,480	9,884
Services	31,531	30,688	33,836	37,048	133,103	36,264	34,951	42,780	113,995
Total cost of revenues	35,170	34,901	39,007	42,756	151,834	42,019	40,811	51,468	134,298
Gross profit:									
License	31,176	51,799	43,659	85,933	\$ 212,567	36,291	61,294	53,763	\$ 151,348
Maintenance	11,538	11,620	11,642	13,584	48,384	13,207	13,503	13,378	40,088
Services	4,396	3,809	4,552	(1,096)	11,661	2,610	13	4,827	7,450
Total gross profit	47,110	67,228	59,853	98,421	272,612	52,108	74,810	71,968	198,886
Operating expenses:									
Research and development	25,672	25,409	29,273	32,142	\$ 112,496	30,750	30,025	34,090	\$ 94,865
Sales and marketing	19,291	22,661	22,908	27,905	92,765	25,500	23,520	28,788	77,808
General and administrative	11,110	11,456	13,449	14,899	50,914	14,160	13,060	13,429	40,649
Total operating expenses	56,073	59,526	65,630	74,946	256,175	70,410	66,605	76,307	213,322
Income (loss) from operations	(8,963)	7,702	(5,777)	23,475	16,437	(18,302)	8,205	(4,339)	(14,436)
Interest income, net	696	758	2,211	1,185	4,850	1,342	1,544	1,394	4,280
Other income (expense), net	217	(1,182)	804	(344)	(505)	(681)	335	11	(335)
Income (loss) before provision for (benefit from) income taxes	(8,050)	7,278	(2,762)	24,316	20,782	(17,641)	10,084	(2,934)	(10,491)
Provision for (benefit from) income taxes	(6,420)	6,365	(2,358)	8,219	5,806	(9,783)	6,110	(1,115)	(4,788)
Net income (loss)	\$ (1,630)	\$ 913	\$ (404)	\$ 16,097	\$ 14,976	\$ (7,858)	\$ 3,974	\$ (1,819)	\$ (5,703)
Earnings per share:									
Basic	\$ (0.02)	\$ 0.01	\$ (0.01)	\$ 0.22	\$ 0.21	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ (0.08)
Diluted	\$ (0.02)	\$ 0.01	\$ (0.01)	\$ 0.22	\$ 0.20	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ (0.08)
Shares used in computing net earnings per share :									
Basic	71,242,897	71,779,496	72,297,934	72,792,357	72,026,694	73,293,467	73,738,810	74,175,603	73,731,132
Diluted	71,242,897	73,402,064	72,297,934	74,202,966	73,765,960	73,293,467	74,793,240	74,175,603	73,731,132
Stock-based compensation	\$ 15,147	\$ 16,545	\$ 16,193	\$ 18,246	\$ 66,131	\$ 17,877	\$ 18,587	\$ 17,197	\$ 53,661

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Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Adjustments
(unaudited, in thousands)

Description	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	FY 2017 YTD
Amortization of intangibles acquired in business combinations	\$ 360	\$ 360	\$ 499	\$ 779	\$ 1,998	\$ 1,045	\$ 1,179	\$ 3,402	\$ 5,626
Stock-based compensation	89	103	107	134	433	51	90	90	231
Total adjustment to cost of revenue - license	449	463	606	913	2,431	1,096	1,269	3,492	5,857
Stock-based compensation	339	380	388	384	1,491	413	436	416	1,265
Total adjustment to cost of revenue - maintenance	339	380	388	384	1,491	413	436	416	1,265
Stock-based compensation	4,363	4,673	4,450	4,392	17,878	4,695	4,815	4,459	13,969
Total adjustment to cost of revenue - services	4,363	4,673	4,450	4,392	17,878	4,695	4,815	4,459	13,969
Stock-based compensation	3,672	3,911	3,889	4,083	15,555	4,467	4,650	4,508	13,625
Total adjustment to research and development	3,672	3,911	3,889	4,083	15,555	4,467	4,650	4,508	13,625
Stock-based compensation	3,430	3,616	3,602	4,442	15,090	4,223	4,283	3,992	12,498
Amortization of intangibles acquired in business combinations	—	—	75	222	297	393	477	817	1,687
Total adjustment to sales and marketing	3,430	3,616	3,677	4,664	15,387	4,616	4,760	4,809	14,185
Stock-based compensation	3,254	3,862	3,757	4,811	15,684	4,028	4,313	3,732	12,073
Total adjustment to general and administrative	3,254	3,862	3,757	4,811	15,684	4,028	4,313	3,732	12,073
Non-GAAP tax impact	(9,124)	26	(5,697)	(6,649)	(21,444)	(10,336)	(3,591)	(7,316)	(21,243)
Total adjustment to provision for (benefit from) income taxes	(9,124)	26	(5,697)	(6,649)	(21,444)	(10,336)	(3,591)	(7,316)	(21,243)

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Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Other Reconciliations

Description	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	FY 2017 YTD
Reconciliation of GAAP to Non-GAAP earnings per share:									
GAAP diluted earnings per share	\$ (0.02)	\$ 0.01	\$ (0.01)	\$ 0.22	\$ 0.20	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ (0.08)
Amortization of intangibles acquired in business combinations	0.01	0.01	0.01	0.01	0.03	0.02	0.02	0.06	0.10
Stock-based compensation	0.21	0.23	0.22	0.25	0.90	0.24	0.25	0.23	0.73
Non-GAAP tax impact	(0.13)	—	(0.08)	(0.09)	(0.29)	(0.14)	(0.04)	(0.10)	(0.29)
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	—	(0.01)	—	—	—	0.01	—	(0.01)	(0.01)
Non-GAAP diluted earnings per share	\$ 0.07	\$ 0.24	\$ 0.14	\$ 0.39	\$ 0.84	\$ 0.02	\$ 0.28	\$ 0.16	\$ 0.45
Diluted weighted average shares outstanding	71,242,897	73,402,064	72,297,934	74,202,966	73,765,960	73,293,467	74,793,240	74,175,603	73,731,132
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	1,660,819	—	1,324,561	—	—	1,291,775	—	1,053,252	1,293,010
Diluted pro forma shares outstanding	72,903,716	73,402,064	73,622,495	74,202,966	73,765,960	74,585,242	74,793,240	75,228,855	75,024,142
Gross margin:									
Licensing:									
GAAP gross margin	96.4%	97.0%	95.3%	97.4 %	96.7%	93.7%	95.7%	91.2%	93.6%
Stock-based compensation	0.3%	0.2%	0.2%	0.2 %	0.2%	0.1%	0.1%	0.2%	0.1%
Amortization of acquired intangibles	1.1%	0.7%	1.1%	0.9 %	0.9%	2.7%	1.8%	5.7%	3.5%
Non-GAAP gross margin	97.8%	97.9%	96.6%	98.5 %	97.8%	96.5%	97.6%	97.1%	97.2%
Maintenance:									
GAAP gross margin	82.3%	81.5%	79.3%	80.0 %	80.7%	79.9%	81.4%	79.4%	80.2%
Stock-based compensation	2.4%	2.7%	2.6%	2.2 %	2.5%	2.5%	2.7%	2.4%	2.6%
Non-GAAP gross margin	84.7%	84.2%	81.9%	82.2 %	83.2%	82.4%	84.1%	81.8%	82.8%
Services:									
GAAP gross margin	12.2%	11.0%	11.9%	(3.0)%	8.1%	6.7%	—%	10.1%	6.1%
Stock-based compensation	12.1%	13.5%	11.6%	12.2 %	12.3%	12.1%	13.8%	9.4%	11.5%
Non-GAAP gross margin	24.3%	24.5%	23.5%	9.2 %	20.4%	18.8%	13.8%	19.5%	17.6%
Overall:									
GAAP gross margin	57.3%	65.8%	60.5%	69.7 %	64.2%	55.4%	64.7%	58.3%	59.7%
Amortization of acquired intangibles	0.4%	0.4%	0.5%	0.6 %	0.5%	1.1%	1.0%	2.8%	1.7%
Stock-based compensation	5.8%	5.0%	5.0%	3.5 %	4.7%	5.5%	4.6%	4.0%	4.6%
Non-GAAP gross margin	63.5%	71.2%	66.0%	73.8 %	69.4%	62.0%	70.3%	65.1%	66.0%

(1) Due to the occurrence of a net loss on a GAAP basis in certain periods, potentially dilutive securities were excluded from the calculation of GAAP earnings per share, as they would have an antidilutive effect. However, as net income was earned on a Non-GAAP basis, these shares have a dilutive effect on Non-GAAP earnings per share and are included here.

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Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Key Metrics
(unaudited, in thousands)

Description	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	FY 2017 YTD
License revenue breakdown:									
Term license and other revenues	\$ 32,653	\$ 52,652	\$ 40,598	\$ 82,528	\$ 208,430	\$ 34,500	\$ 62,868	\$ 58,023	\$ 155,391
Perpetual license revenues	(313)	724	5,198	5,711	11,321	4,221	1,207	948	6,376
Total license and other revenues	\$ 32,340	\$ 53,376	\$ 45,796	\$ 88,239	\$ 219,751	\$ 38,721	\$ 64,075	\$ 58,971	\$ 161,767
Four-quarter recurring revenues:									
Term license and other revenues	\$ 173,232	\$ 184,647	\$ 194,458	\$ 208,430	N/A	\$ 210,278	\$ 220,494	\$ 237,919	N/A
Total maintenance revenues	51,516	53,610	56,103	59,931	N/A	62,451	64,776	66,958	N/A
Total four-quarter recurring revenues:	\$ 224,748	\$ 238,257	\$ 250,561	\$ 268,361	N/A	\$ 272,729	\$ 285,270	\$ 304,877	N/A

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Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Gross Profit Reconciliations
(unaudited, in thousands except percentage)

Description	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	FY 2017 YTD
Gross profit reconciliation:									
GAAP gross profit	\$ 47,110	\$ 67,228	\$ 59,853	\$ 98,421	\$ 272,612	\$ 52,108	\$ 74,810	\$ 71,968	\$ 198,886
Non-GAAP adjustments:									
Stock-based compensation	4,791	5,156	4,945	4,910	19,802	5,159	5,341	4,965	15,465
Amortization of intangibles	360	360	499	779	1,998	1,045	1,179	3,402	5,626
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit	\$ 52,261	\$ 72,744	\$ 65,297	\$ 104,110	\$ 294,412	\$ 58,312	\$ 81,330	\$ 80,335	\$ 219,977
Non-GAAP gross margin	64.0%	71.0%	66.0%	73.7%	69.0%	62.0%	70.3%	65.1%	66.0%
Gross profit reconciliation - license revenue:									
GAAP gross profit - license revenue	\$ 31,176	\$ 51,799	\$ 43,659	\$ 85,933	\$ 212,567	\$ 36,291	\$ 61,294	\$ 53,763	\$ 151,348
Non-GAAP adjustments:									
Stock-based compensation	89	103	107	134	433	51	90	90	231
Amortization of intangibles	360	360	499	779	1,998	1,045	1,179	3,402	5,626
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - license revenue	\$ 31,625	\$ 52,262	\$ 44,265	\$ 86,846	\$ 214,998	\$ 37,387	\$ 62,563	\$ 57,255	\$ 157,205
Non-GAAP gross margin - license revenue	97.8%	97.9%	96.7%	98.4%	97.8%	96.6%	97.6%	97.1%	97.2%
Gross profit reconciliation - maintenance revenue:									
GAAP gross profit - maintenance revenue	\$ 11,538	\$ 11,620	\$ 11,642	\$ 13,584	\$ 48,384	\$ 13,207	\$ 13,503	\$ 13,378	\$ 40,088
Non-GAAP adjustments:									
Stock-based compensation	339	380	388	384	1,491	413	436	416	1,265
Amortization of intangibles	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - maintenance revenue	\$ 11,877	\$ 12,000	\$ 12,030	\$ 13,968	\$ 49,875	\$ 13,620	\$ 13,939	\$ 13,794	\$ 41,353
Non-GAAP gross margin - maintenance revenue	84.8%	84.2%	82.0%	82.2%	83.2%	82.4%	84.1%	81.8%	82.8%
Gross profit reconciliation - service revenue:									
GAAP gross profit - service revenue	\$ 4,396	\$ 3,809	\$ 4,552	\$ (1,096)	\$ 11,661	\$ 2,610	\$ 13	\$ 4,827	\$ 7,450
Non-GAAP adjustments:									
Stock-based compensation	4,363	4,673	4,450	4,392	17,878	4,695	4,815	4,459	13,969
Amortization of intangibles	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - service revenue	\$ 8,759	\$ 8,482	\$ 9,002	\$ 3,296	\$ 29,539	\$ 7,305	\$ 4,828	\$ 9,286	\$ 21,419
Non-GAAP gross margin - service revenue	24.4%	24.6%	23.5%	9.2%	20.4%	18.8%	13.8%	19.5%	17.6%

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Guidewire Software, Inc. and subsidiaries
Condensed Consolidated Statement of Operations - Non-GAAP Reconciliations
(unaudited, in thousands)

Description	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	FY 2017 YTD
Income (loss) from operations reconciliation:									
GAAP income (loss) from operations	\$ (8,963)	\$ 7,702	\$ (5,777)	\$ 23,475	\$ 16,437	\$ (18,302)	\$ 8,205	\$ (4,339)	\$ (14,436)
Non-GAAP adjustments:									
Stock-based compensation	15,147	16,545	16,193	18,246	66,131	17,877	18,587	17,197	\$ 53,661
Amortization of intangibles	360	360	574	1,001	2,295	1,438	1,656	4,219	\$ 7,313
Non-GAAP income (loss) from operations	\$ 6,544	\$ 24,607	\$ 10,990	\$ 42,722	\$ 84,863	\$ 1,013	\$ 28,448	\$ 17,077	\$ 46,538
Net income (loss) reconciliation:									
GAAP net income (loss)	\$ (1,630)	\$ 913	\$ (404)	\$ 16,097	\$ 14,976	\$ (7,858)	\$ 3,974	\$ (1,819)	\$ (5,703)
Non-GAAP adjustments:									
Stock-based compensation	15,147	16,545	16,193	18,246	66,131	17,877	18,587	17,197	\$ 53,661
Amortization of intangibles	360	360	574	1,001	2,295	1,438	1,656	4,219	\$ 7,313
Non-GAAP tax impact	(9,124)	26	(5,697)	(6,649)	(21,444)	(10,336)	(3,591)	(7,316)	\$ (21,243)
Non-GAAP net income (loss)	\$ 4,753	\$ 17,844	\$ 10,666	\$ 28,695	\$ 61,958	\$ 1,121	\$ 20,626	\$ 12,281	\$ 34,028

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