

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	YTD Q3 FY 2018
Revenues:									
License and other	\$ 38,721	\$ 64,075	\$ 58,971	\$ 109,695	\$ 271,462	\$ 30,093	\$ 84,221	\$ 50,359	\$ 164,673
Maintenance	16,532	16,582	16,858	18,671	68,643	18,930	19,110	18,749	56,789
Services	38,874	34,964	47,607	52,734	174,179	59,148	60,457	71,361	190,966
Total revenues	94,127	115,621	123,436	181,100	514,284	108,171	163,788	140,469	412,428
Cost of revenues:									
License and other	2,430	2,781	5,208	6,627	\$ 17,046	6,715	9,040	9,742	\$ 25,497
Maintenance	3,325	3,079	3,480	3,513	13,397	3,467	3,593	3,828	10,888
Services	36,264	34,951	42,780	47,121	161,116	52,712	55,136	60,751	168,599
Total cost of revenues	42,019	40,811	51,468	57,261	191,559	62,894	67,769	74,321	204,984
Gross profit:									
License and other	36,291	61,294	53,763	103,068	\$ 254,416	23,378	75,181	40,617	\$ 139,176
Maintenance	13,207	13,503	13,378	15,158	55,246	15,463	15,517	14,921	45,901
Services	2,610	13	4,827	5,613	13,063	6,436	5,321	10,610	22,367
Total gross profit	52,108	74,810	71,968	123,839	322,725	45,277	96,019	66,148	207,444
Operating expenses:									
Research and development	30,750	30,025	34,090	35,458	\$ 130,323	35,711	43,657	46,787	\$ 126,155
Sales and marketing	25,500	23,520	28,788	31,431	109,239	23,610	31,961	30,378	85,949
General and administrative	14,160	13,060	13,429	15,902	56,551	18,671	21,066	18,170	57,907
Total operating expenses	70,410	66,605	76,307	82,791	296,113	77,992	96,684	95,335	270,011
Income (loss) from operations	(18,302)	8,205	(4,339)	41,048	26,612	(32,715)	(665)	(29,187)	(62,567)
Interest income	1,342	1,544	1,400	1,581	5,867	1,912	1,573	3,762	7,247
Interest expense	—	—	(6)	(7)	(13)	(4)	(7)	(2,228)	(2,239)
Other income (expense), net	(681)	335	11	1,146	811	(262)	1,658	(356)	1,040
Income (loss) before provision for (benefit from) income taxes	(17,641)	10,084	(2,934)	43,768	33,277	(31,069)	2,559	(28,009)	(56,519)
Provision for (benefit from) income taxes	(9,783)	6,110	(1,115)	16,841	12,053	(22,155)	48,114	20,613	46,572
Net income (loss)	\$ (7,858)	\$ 3,974	\$ (1,819)	\$ 26,927	\$ 21,224	\$ (8,914)	\$ (45,555)	\$ (48,622)	\$ (103,091)
Earnings per share:									
Basic	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ 0.36	\$ 0.29	\$ (0.12)	\$ (0.59)	\$ (0.62)	\$ (1.32)
Diluted	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ 0.36	\$ 0.28	\$ (0.12)	\$ (0.59)	\$ (0.62)	\$ (1.32)
Shares used in computing net earnings per share :									
Basic	73,516,140	73,738,810	74,175,603	74,776,333	73,994,577	76,023,237	76,859,040	78,777,484	78,246,146
Diluted	73,293,467	74,793,240	74,175,603	75,769,530	75,328,343	76,023,237	76,859,040	78,777,484	78,246,146
Stock-based compensation	\$ 17,877	\$ 18,587	\$ 17,197	\$ 18,133	\$ 71,794	\$ 19,623	\$ 25,032	\$ 23,839	\$ 68,494

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	YTD Q3 FY 2018
Amortization of intangibles acquired in business combinations	\$ 1,045	\$ 1,179	\$ 3,402	\$ 3,885	\$ 9,511	\$ 3,885	\$ 5,305	\$ 5,305	\$ 14,495
Stock-based compensation	51	90	90	142	373	174	258	274	706
Total adjustment to cost of revenue - license	1,096	1,269	3,492	4,027	9,884	4,059	5,563	5,579	15,201
Stock-based compensation	413	436	416	429	1,694	455	481	462	1,398
Total adjustment to cost of revenue - maintenance	413	436	416	429	1,694	455	481	462	1,398
Stock-based compensation	4,695	4,815	4,459	4,652	18,622	5,226	5,446	5,310	15,982
Total adjustment to cost of revenue - services	4,695	4,815	4,459	4,652	18,622	5,226	5,446	5,310	15,982
Stock-based compensation	4,467	4,650	4,508	4,498	18,123	4,912	7,697	7,236	19,845
Total adjustment to research and development	4,467	4,650	4,508	4,498	18,123	4,912	7,697	7,236	19,845
Stock-based compensation	4,223	4,283	3,992	4,166	16,663	4,217	5,024	4,527	13,768
Amortization of intangibles acquired in business combinations	393	477	817	891	2,578	891	2,364	2,364	5,619
Total adjustment to sales and marketing	4,616	4,760	4,809	5,057	19,241	5,108	7,388	6,891	19,387
Stock-based compensation	4,028	4,313	3,732	4,246	16,319	4,639	6,126	6,030	16,795
Total adjustment to general and administrative	4,028	4,313	3,732	4,246	16,319	4,639	6,126	6,030	16,795
Amortization of debt discount and issuance costs	—	—	—	—	—	—	—	1,568	1,568
Total adjustment to interest expense	—	—	—	—	—	—	—	1,568	1,568
Non-GAAP tax impact	(10,336)	(3,591)	(7,316)	(5,080)	(26,323)	(20,283)	38,364	19,461	37,542
Total adjustment to provision for (benefit from) income taxes	(10,336)	(3,591)	(7,316)	(5,080)	(26,323)	(20,283)	38,364	19,461	37,542

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	YTD Q3 FY 2018
Reconciliation of GAAP to Non-GAAP earnings per share:									
GAAP diluted earnings per share	\$ (0.11)	\$ 0.05	\$ (0.02)	\$ 0.36	\$ 0.28	\$ (0.12)	\$ (0.59)	\$ (0.62)	\$ (1.32)
Amortization of intangibles acquired in business combinations	0.02	0.02	0.06	0.06	0.16	0.06	0.10	0.10	0.26
Stock-based compensation	0.24	0.25	0.23	0.24	0.96	0.26	0.33	0.30	0.88
Amortization of debt discount and issuance costs	—	—	—	—	—	—	—	0.02	0.02
Non-GAAP tax impact	(0.14)	(0.04)	(0.10)	(0.07)	(0.35)	(0.26)	0.49	0.25	0.48
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	0.01	—	(0.01)	—	—	—	—	—	—
Non-GAAP diluted earnings per share	\$ 0.02	\$ 0.28	\$ 0.16	\$ 0.59	\$ 1.05	\$ (0.06)	\$ 0.33	\$ 0.05	\$ 0.32
Diluted weighted average shares outstanding	73,293,467	74,793,240	74,175,603	75,769,530	75,328,343	76,023,237	76,859,040	78,777,484	78,246,146
Non-GAAP dilutive shares excluded from GAAP EPS calculation (1)	1,291,775	—	1,053,252	—	—	—	1,460,188	1,581,552	1,561,424
Diluted pro forma shares outstanding	74,585,242	74,793,240	75,228,855	75,769,530	75,328,343	76,023,237	78,319,228	80,359,036	79,807,570
Gross margin:									
Licensing:									
GAAP gross margin	93.7%	95.7%	91.2%	94.0%	93.7%	77.7%	89.3%	80.7%	84.5%
Stock-based compensation	0.1%	0.1%	0.2%	0.1%	0.2%	0.6%	0.3%	0.5%	0.5%
Amortization of acquired intangibles	2.7%	1.8%	5.7%	3.5%	3.5%	12.9%	6.3%	10.5%	8.8%
Non-GAAP gross margin	96.5%	97.6%	97.1%	97.6%	97.4%	91.2%	95.9%	91.7%	93.8%
Maintenance:									
GAAP gross margin	79.9%	81.4%	79.4%	81.2%	80.5%	81.7%	81.2%	79.6%	80.8%
Stock-based compensation	2.5%	2.7%	2.4%	2.3%	2.5%	2.4%	2.5%	2.5%	2.5%
Non-GAAP gross margin	82.4%	84.1%	81.8%	83.5%	83.0%	84.1%	83.7%	82.1%	83.3%
Services:									
GAAP gross margin	6.7%	—%	10.1%	10.7%	7.5%	10.9%	8.8%	14.9%	11.7%
Stock-based compensation	12.1%	13.8%	9.4%	8.8%	10.7%	8.8%	9.0%	7.4%	8.4%
Non-GAAP gross margin	18.8%	13.8%	19.5%	19.5%	18.2%	19.7%	17.8%	22.3%	20.1%
Overall:									
GAAP gross margin	55.4%	64.7%	58.3%	68.4%	62.8%	41.9%	58.6%	47.1%	50.3%
Amortization of acquired intangibles	1.1%	1.0%	2.8%	2.1%	1.8%	3.6%	3.2%	3.8%	3.5%
Stock-based compensation	5.5%	4.6%	4.0%	2.9%	4.0%	5.4%	3.8%	4.3%	4.4%
Non-GAAP gross margin	62.0%	70.3%	65.1%	73.4%	68.6%	50.9%	65.6%	55.2%	58.2%

(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 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	YTD Q3 FY 2018
License revenue breakdown:									
Term license and other revenues	\$ 34,500	\$ 62,868	\$ 58,023	\$ 102,931	\$ 258,322	\$ 29,970	\$ 81,404	\$ 44,649	\$ 156,023
Perpetual license revenues	4,221	1,207	948	6,764	13,140	123	2,817	5,710	8,650
Total license and other revenues	\$ 38,721	\$ 64,075	\$ 58,971	\$ 109,695	\$ 271,462	\$ 30,093	\$ 84,221	\$ 50,359	\$ 164,673
Four-quarter recurring revenues:									
Term license and other revenues	\$ 210,278	\$ 220,494	\$ 237,919	\$ 258,322	N/A	\$ 253,792	\$ 272,328	\$ 258,954	N/A
Total maintenance revenues	62,451	64,776	66,958	68,643	N/A	71,041	73,568	75,460	N/A
Total four-quarter recurring revenues:	\$ 272,729	\$ 285,270	\$ 304,877	\$ 326,965	N/A	\$ 324,833	\$ 345,896	\$ 334,414	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 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	YTD Q3 FY 2018
Gross profit reconciliation:									
GAAP gross profit	\$ 52,108	\$ 74,810	\$ 71,968	\$ 123,839	\$ 322,725	\$ 45,277	\$ 96,019	\$ 66,148	\$ 207,444
Non-GAAP adjustments:									
Stock-based compensation	5,159	5,341	4,965	5,223	20,688	5,855	6,185	6,046	18,086
Amortization of intangibles	1,045	1,179	3,402	3,885	9,511	3,885	5,305	5,305	14,495
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit	\$ 58,312	\$ 81,330	\$ 80,335	\$ 132,947	\$ 352,924	\$ 55,017	\$ 107,509	\$ 77,499	\$ 240,025
Non-GAAP gross margin	62.0%	70.3%	65.1%	73.4%	68.6%	50.9%	65.6%	55.2%	58.2%
Gross profit reconciliation - license revenue:									
GAAP gross profit - license revenue	\$ 36,291	\$ 61,294	\$ 53,763	\$ 103,068	\$ 254,416	\$ 23,378	\$ 75,181	\$ 40,617	\$ 139,176
Non-GAAP adjustments:									
Stock-based compensation	51	90	90	142	373	174	258	274	706
Amortization of intangibles	1,045	1,179	3,402	3,885	9,511	3,885	5,305	5,305	14,495
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - license revenue	\$ 37,387	\$ 62,563	\$ 57,255	\$ 107,095	\$ 264,300	\$ 27,437	\$ 80,744	\$ 46,196	\$ 154,377
Non-GAAP gross margin - license revenue	96.6%	97.6%	97.1%	97.6%	97.4%	91.2%	95.9%	91.7%	93.7%
Gross profit reconciliation - maintenance revenue:									
GAAP gross profit - maintenance revenue	\$ 13,207	\$ 13,503	\$ 13,378	\$ 15,158	\$ 55,246	\$ 15,463	\$ 15,517	\$ 14,921	\$ 45,901
Non-GAAP adjustments:									
Stock-based compensation	413	436	416	429	1,694	455	481	462	1,398
Amortization of intangibles	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - maintenance revenue	\$ 13,620	\$ 13,939	\$ 13,794	\$ 15,587	\$ 56,940	\$ 15,918	\$ 15,998	\$ 15,383	\$ 47,299
Non-GAAP gross margin - maintenance revenue	82.4%	84.1%	81.8%	83.5%	83.0%	84.1%	83.7%	82.0%	83.3%
Gross profit reconciliation - service revenue:									
GAAP gross profit - service revenue	\$ 2,610	\$ 13	\$ 4,827	\$ 5,613	\$ 13,063	\$ 6,436	\$ 5,321	\$ 10,610	\$ 22,367
Non-GAAP adjustments:									
Stock-based compensation	4,695	4,815	4,459	4,652	18,621	5,226	5,446	5,310	15,982
Amortization of intangibles	—	—	—	—	—	—	—	—	—
Non-GAAP tax impact	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit - service revenue	\$ 7,305	\$ 4,828	\$ 9,286	\$ 10,265	\$ 31,684	\$ 11,662	\$ 10,767	\$ 15,920	\$ 38,349
Non-GAAP gross margin - service revenue	18.8%	13.8%	19.5%	19.5%	18.2%	19.7%	17.8%	22.3%	20.1%

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

Description	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	YTD Q3 FY 2018
Income (loss) from operations reconciliation:									
GAAP income (loss) from operations	\$ (18,302)	\$ 8,205	\$ (4,339)	\$ 41,048	\$ 26,612	\$ (32,715)	\$ (665)	\$ (29,187)	\$ (62,567)
Non-GAAP adjustments:									
Stock-based compensation	17,877	18,587	17,197	18,133	71,794	19,623	25,032	23,839	\$ 68,494
Amortization of intangibles	1,438	1,656	4,219	4,776	12,089	4,776	7,669	7,669	\$ 20,114
Non-GAAP income (loss) from operations	\$ 1,013	\$ 28,448	\$ 17,077	\$ 63,957	\$ 110,495	\$ (8,316)	\$ 32,036	\$ 2,321	\$ 26,041
Net income (loss) reconciliation:									
GAAP net income (loss)	\$ (7,858)	\$ 3,974	\$ (1,819)	\$ 26,927	\$ 21,224	\$ (8,914)	\$ (45,555)	\$ (48,622)	\$(103,091)
Non-GAAP adjustments:									
Stock-based compensation	17,877	18,587	17,197	18,133	71,794	19,623	25,032	23,839	\$ 68,494
Amortization of intangibles	1,438	1,656	4,219	4,776	12,089	4,776	7,669	7,669	\$ 20,114
Amortization of debt discount and issuance costs	—	—	—	—	—	—	—	1,568	\$ 1,568
Non-GAAP tax impact	(10,336)	(3,591)	(7,316)	(5,080)	(26,323)	(20,283)	38,364	19,461	\$ 37,542
Non-GAAP net income (loss)	\$ 1,121	\$ 20,626	\$ 12,281	\$ 44,756	\$ 78,784	\$ (4,798)	\$ 25,510	\$ 3,915	\$ 24,627

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