

**The TriZetto Group, Inc.**  
**Consolidated Statements of Operations**  
(unaudited and in thousands, except per share amounts)

	Three Months Ended December 31,	
	2003	2002
<b>Revenues</b>		
Recurring revenue	\$ 40,522	\$ 38,259
Non-recurring revenue	26,139	31,814
<b>Total revenues</b>	<u>66,661</u>	<u>70,073</u>
<b>Cost of revenues</b>		
Recurring revenue	28,730	29,621
Non-recurring revenue	24,052	17,486
	<u>52,782</u>	<u>47,107</u>
Recurring revenue - loss on contracts	11,271	-
Non-recurring revenue - loss on contracts	3,680	-
	<u>14,951</u>	<u>-</u>
<b>Total cost of revenues</b>	67,733	47,107
<b>Gross profit</b>	(1,072)	22,966
<b>Operating expenses</b>		
Research and development	6,281	5,471
Selling, general and administrative	11,711	12,702
Amortization of other intangible assets	951	7,187
Restructuring and related impairment charges	3,769	172
Impairment of goodwill and other intangible assets	-	131,019
<b>Total operating expenses</b>	<u>22,712</u>	<u>156,551</u>
<b>Loss from operations</b>	(23,784)	(133,585)
Interest income	197	356
Interest expense	(490)	(388)
<b>Loss before provision for income taxes</b>	(24,077)	(133,617)
Provision for income taxes	-	(2,976)
<b>Net loss</b>	<u>\$ (24,077)</u>	<u>\$ (136,593)</u>
<b>Net loss per share:</b>		
Basic and diluted	<u>\$ (0.52)</u>	<u>\$ (3.00)</u>
<b>Weighted average shares outstanding:</b>		
Basic and diluted	<u>46,478</u>	<u>45,574</u>
<b>Other financial data:</b>		
Pro forma net (loss) income (a)	\$ (2,513)	\$ 5,792
EBITDA (b)	\$ 1,333	\$ 9,834
12-month backlog (c)	\$ 168,300	\$ 177,800
Total backlog (d)	\$ 496,200	\$ 587,600

See footnote definitions on following page.

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- (a) The Company defines pro forma net income (loss) as earnings before amortization of acquisition intangibles and deferred stock compensation, loss on contracts, restructuring and related impairment charges, impairment of goodwill and identified intangibles charges, and related taxes. A 40% tax rate is then calculated on pre-tax pro forma net income. Other companies may calculate pro forma earnings differently. Pro forma earnings is a non-GAAP measure of profitability. Pro forma net income should not be considered in isolation or as an alternative to net income or to cash cash flows from operating activities (as determined in accordance with generally accepted accounting principles) and should not be construed as an indicator of operating performance or as a measure of liquidity.

	<b>Three Months Ended December 31,</b>	
	<b>2003</b>	<b>2002</b>
Reconciliation of net loss to pro forma net (loss) income:		
Net loss	\$ (24,077)	\$ (136,593)
Amortization of intangible assets and deferred stock compensation	1,169	8,289
Loss on contracts	14,951	-
Restructuring and related impairment charges	3,769	172
Impairment of goodwill and other intangible assets	-	131,019
Provision for income taxes	-	2,976
Pro forma pre-tax (loss) income	(4,188)	5,863
Pro forma income tax (benefit) provision	(1,675)	71
Pro forma net (loss) income	<u>\$ (2,513)</u>	<u>\$ 5,792</u>
Pro forma net (loss) income per share:		
Basic	<u>\$ (0.05)</u>	<u>\$ 0.13</u>
Diluted	<u>\$ (0.05)</u>	<u>\$ 0.12</u>
Pro forma weighted average shares outstanding:		
Basic	<u>46,478</u>	<u>45,574</u>
Diluted	<u>46,478</u>	<u>46,537</u>

- (b) The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, loss on contracts, restructuring and related impairment charges, amortization of deferred stock compensation and impairment of goodwill and other intangible assets. Other companies may calculate EBITDA differently. EBITDA is a non-GAAP measure of profitability and is a widely accepted financial indicator of a company's ability to service debt. EBITDA should not be considered in isolation or as an alternative to net income or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) and should not be construed as an indicator of operating performance or as a measure of liquidity. Total depreciation, amortization, loss on contracts, restructuring and related impairment charges, and impairment of goodwill and other intangible assets for the three months ended December 31, 2003 and 2002, were \$25,117 and \$143,419, respectively.
- (c) The Company defines 12-month backlog as minimum recurring revenue and non-recurring software licenses from existing contracts to be recognized over the next 12 months. 2003 backlog was reduced by approximately \$10,000 in anticipation of a customer, Altius, terminating their contract in mid 2004.
- (d) The Company defines total backlog as total revenue not yet recognized from recurring revenue and non-recurring software licenses from existing contracts. 2003 backlog was reduced by approximately \$79,000 in anticipation of a customer, Altius, terminating their contract in mid 2004.