

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

	Twelve Months Ended December 31,	
	2003	2002
Revenues		
Recurring revenue	\$ 160,973	\$ 159,178
Non-recurring revenue	129,356	105,972
Total revenues	290,329 (a)	265,150
Cost of revenues		
Recurring revenue	115,812	114,509
Non-recurring revenue	93,244	63,311
	209,056	177,820
Recurring revenue - loss on contracts	11,271	-
Non-recurring revenue - loss on contracts	3,680	-
	14,951	-
Total cost of revenues	224,007	177,820
Gross profit	66,322	87,330
Operating expenses		
Research and development	24,823	21,911
Selling, general and administrative	52,138	53,966
Amortization of other intangible assets	10,908	28,027
Restructuring and related impairment charges	3,769	651
Impairment of goodwill and other intangible assets	-	131,019
Total operating expenses	91,638	235,574
Loss from operations	(25,316)	(148,244)
Interest income	970	1,609
Interest expense	(2,005)	(1,479)
Loss before provision for income taxes	(26,351)	(148,114)
Provision for income taxes	(1,124)	(250)
Net loss	\$ (27,475)	\$ (148,364)
Net loss per share:		
Basic and diluted	\$ (0.60)	\$ (3.28)
Weighted average shares outstanding:		
Basic and diluted	46,170	45,256
Other financial data:		
Pro forma net (loss) income (b)	\$ 3,070	\$ 14,252
EBITDA (c)	\$ 24,558	\$ 27,200
12-month backlog (d)	\$ 168,300	\$ 177,800
Total backlog (e)	\$ 496,200	\$ 587,600

See footnote definitions on following page.

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- (a) In Q3, 2003, the company adopted EITF 01-14, Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred. Accordingly, the year to date revenue includes \$900 from Q1 and \$1,200 from Q2 that were previously recorded as a reduction to expenses incurred. In other words, year to date revenues and cost of revenues have been increased by these amounts. Therefore, this change in accounting policy had no effect on EBITDA, earnings, or earnings per share for either Q3, Q4 or the twelve months ending December 31, 2003.
- (b) 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.

	Twelve Months Ended December 31, 2003	2002
Reconciliation of net loss to pro forma net (loss) income:		
Net loss	\$ (27,475)	\$ (148,364)
Amortization of intangible assets and deferred stock compensation	12,747	30,980
Loss on contracts	14,951	-
Restructuring and related impairment charges	3,769	651
Impairment of goodwill and other intangible assets	-	131,019
Provision for income taxes	1,124	250
Pro forma pre-tax income	5,116	14,536
Pro forma income tax provision	2,046	284
Pro forma net income	\$ 3,070	\$ 14,252
 Pro forma net income per share:		
Basic	\$ 0.07	\$ 0.31
Diluted	\$ 0.06	\$ 0.31
 Pro forma weighted average shares outstanding:		
Basic	46,170	45,256
Diluted	47,261	46,528

- (c) 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 twelve months ended December 31, 2003 and 2002, were \$49,874 and \$175,444, respectively.
- (d) 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

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by approximately \$10,000 in anticipation of a customer, Altius, terminating their contract in mid 2004.

- (e) 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.