

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

	Three Months Ended March 31,	
	2004	2003
Revenue		
Recurring revenue	\$ 42,302	\$ 39,293
Non-recurring revenue	23,448	30,633
Total revenue	<u>65,750</u>	<u>69,926</u>
Cost of revenue		
Recurring revenue	32,279	28,580
Non-recurring revenue	15,173	20,254
	<u>47,452</u>	<u>48,834</u>
Recurring revenue - loss on contracts	(1,000)	-
Non-recurring revenue - loss on contracts	1,057	-
	<u>57</u>	<u>-</u>
Total cost of revenue	47,509	48,834
Gross profit	18,241	21,092
Operating expenses		
Research and development	7,126	5,922
Selling, general and administrative	14,060	14,002
Amortization of other intangible assets	951	3,309
Total operating expenses	<u>22,137</u>	<u>23,233</u>
Loss from operations	(3,896)	(2,141)
Interest income	169	317
Interest expense	<u>(412)</u>	<u>(545)</u>
Loss before provision for income taxes	(4,139)	(2,369)
Provision for income taxes	<u>(200)</u>	<u>(300)</u>
Net loss	<u>\$ (4,339)</u>	<u>\$ (2,669)</u>
Net loss per share:		
Basic and diluted	<u>\$ (0.09)</u>	<u>\$ (0.06)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>46,752</u>	<u>45,880</u>
Other financial data:		
EBITDA (a)	\$ 2,070	\$ 5,944
12-month backlog (b)	\$ 161,600	\$ 177,500
Total backlog (c)	\$ 508,900	\$ 574,800

See footnote definitions on following page.

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

- (a) The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, and loss on contracts. 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. EBITDA is an important metric used by management in evaluating the financial performance of the company.

A reconciliation of net loss to EBITDA is as follows:

	Three Months Ended March 31,	
	2004	2003
Net loss	\$ (4,339)	\$ (2,669)
Amortization of deferred stock compensation	112	590
Operating depreciation and amortization	4,846	4,186
Amortization of other intangible assets	951	3,309
Loss on contracts	57	-
Interest, net	243	228
Taxes	200	300
	<u>6,409</u>	<u>8,613</u>
EBITDA	<u>\$ 2,070</u>	<u>\$ 5,944</u>

- (b) 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.
- (c) The Company defines total backlog as total revenue not yet recognized from recurring revenue and non-recurring software licenses from existing contracts. Included also is maintenance revenue with estimated terms of three to five years.