

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

	Three Months Ended March 31,	
	2005	2004
Revenue		
Recurring revenue	\$ 39,023	\$ 42,302
Non-recurring revenue	32,795	23,448
Total revenue	<u>71,818</u>	<u>65,750</u>
Cost of revenue		
Recurring revenue	23,398	32,279
Non-recurring revenue	16,211	15,173
	<u>39,609</u>	<u>47,452</u>
Recurring revenue - loss on contracts	-	(1,000)
Non-recurring revenue - loss on contracts	-	1,057
	<u>-</u>	<u>57</u>
Total cost of revenue	<u>39,609</u>	<u>47,509</u>
Gross profit	32,209	18,241
Operating expenses		
Research and development	8,481	7,126
Selling, general and administrative	18,102	14,060
Amortization of other intangible assets	883	951
Total operating expenses	<u>27,466</u>	<u>22,137</u>
Income (loss) from operations	4,743	(3,896)
Interest income	189	169
Interest expense	(359)	(412)
Income (loss) before provision for income taxes	4,573	(4,139)
Provision for income taxes	(275)	(200)
Net income (loss)	<u>\$ 4,298</u>	<u>\$ (4,339)</u>
Net income (loss) per share:		
Basic	<u>\$ 0.10</u>	<u>\$ (0.09)</u>
Diluted	<u>\$ 0.10</u>	<u>\$ (0.09)</u>
Weighted average shares outstanding:		
Basic	<u>41,714</u>	<u>46,752</u>
Diluted	<u>43,934</u>	<u>46,752</u>
Other financial data:		
EBITDA (1)	\$ 12,026	\$ 2,070
Free cash flow (2)	\$ 10,114	\$ (1,567)
12-month backlog (3)	\$ 172,000	\$ 161,600
Total backlog (3)	\$ 604,800	\$ 508,900

See footnote definitions on following page.

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Reconciliation of GAAP Net Income (Loss) to EBITDA and Free Cash Flow:

	Three Months Ended March 31,	
	2005	2004
Net income (loss)	\$ 4,298	\$ (4,339)
Amortization of deferred stock compensation	251	112
Operating depreciation and amortization	5,588	4,846
Amortization of other intangible assets	883	951
Loss on contracts, net	-	57
Restructuring, impairment & other charges	561	-
Interest expense, net	170	243
Provision for income taxes	275	200
	<u>7,728</u>	<u>6,409</u>
EBITDA (1)	12,026	2,070
Interest expense, net	(170)	(243)
Provision for income taxes	(275)	(200)
Capital expenditures	<u>(1,467)</u>	<u>(3,194)</u>
Free cash flow (2)	<u>\$ 10,114</u>	<u>\$ (1,567)</u>

- (1) The company defines EBITDA as net income (loss) before interest, taxes, depreciation and amortization, restructuring and related impairment charges, one-time provisions for expected future contractual losses and other non-recurring events, amortization of deferred stock compensation and intangible assets, and impairment charges. 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 (loss) or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) nor construed as an indicator of operating performance or as a measure of liquidity.
- (2) The company defines free cash flow as EBITDA less interest expense (income), tax provision (benefit) and capital expenditures. Other companies may calculate free cash flow differently. Free cash flow is a non-GAAP measure of profitability, which management believes provides additional information for investors to evaluate the company's financial performance. Free cash flow should not be considered in isolation or as an alternative to net income (loss) or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) nor construed as an indicator of operating performance or as a measure of liquidity.
- (3) Total backlog is defined as the revenue we expect to generate in future periods from existing customer contracts. Our 12-month backlog is defined as the revenue we expect to generate from existing customer contracts over the next 12 months. Most of the revenue in our backlog is derived from multi-year recurring revenue contracts (including software hosting, business process outsourcing, IT outsourcing and software maintenance). For purposes of calculating our backlog and based upon our previous experience, we assume software maintenance contracts will be renewed for a period of up to five years. We classify revenue from software license and consulting contracts as non-recurring. Such revenue is included in the backlog when the revenue from such software license or consulting contract will be recognized over a period exceeding 12 months.

The TriZetto Group, Inc.
Condensed Consolidated Statements of Operations
EBITDA Presentation
(unaudited and in thousands)

	Three Months Ended March 31,	
	2005	2004
Revenue		
Recurring revenue	\$ 39,023	\$ 42,302
Non-recurring revenue	32,795	23,448
Total revenue	<u>71,818</u>	<u>65,750</u>
Cost of revenue		
Recurring revenue	20,897	29,807
Non-recurring revenue	14,250	14,332
Total cost of revenue	<u>35,147</u>	<u>44,139</u>
Gross profit	36,671	21,611
Operating expenses		
Research and development	8,250	6,421
Selling, general and administrative	16,395	13,120
	<u>24,645</u>	<u>19,541</u>
EBITDA	12,026	2,070
Amortization of deferred stock compensation	251	112
Operating depreciation and amortization	5,588	4,846
Amortization of other intangible assets	883	951
Loss on contracts, net	-	57
Restructuring, impairment & other charges	561	-
	<u>7,283</u>	<u>5,966</u>
Income (loss) from operations	4,743	(3,896)
Interest income	189	169
Interest expense	(359)	(412)
	<u></u>	<u></u>
Income (loss) before provision for income taxes	4,573	(4,139)
Provision for income taxes	(275)	(200)
	<u></u>	<u></u>
Net income (loss)	<u>\$ 4,298</u>	<u>\$ (4,339)</u>

The TriZetto Group, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2005	December 31, 2004
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 52,594	\$ 70,489
Short-term investments	-	1,203
Restricted cash	1,459	1,455
Accounts receivable, net	49,806	52,483
Prepaid expenses and other current assets	9,630	7,964
Total current assets	113,489	133,594
Property and equipment, net	26,883	31,466
Capitalized software products, net	28,205	27,902
Goodwill	39,201	39,201
Other intangible assets, net	4,214	5,097
Other assets	2,477	2,624
Total assets	\$ 214,469	\$ 239,884
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term notes payable	\$ 2,991	\$ 39,600
Capital lease obligations	3,566	4,186
Accounts payable	10,481	13,019
Accrued liabilities	27,014	37,585
Deferred revenue	49,562	39,520
Total current liabilities	93,614	133,910
Long-term line of credit	23,000	12,000
Capital lease obligations	1,195	1,838
Deferred revenue	1,650	1,882
Other long-term obligations	2,882	3,321
Total liabilities	122,341	152,951
Common stock	42	42
Additional paid-in capital	370,315	369,669
Deferred stock compensation	(2,622)	(2,873)
Accumulated deficit	(275,607)	(279,905)
Total stockholders' equity	92,128	86,933
Total liabilities and stockholders' equity	\$ 214,469	\$ 239,884