

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

	Three Months Ended June 30,	
	2004	2003
Revenue		
Recurring revenue	\$ 41,603	\$ 40,662
Non-recurring revenue	25,914	37,062
Total revenue	<u>67,517</u>	<u>77,724</u>
Cost of revenue		
Recurring revenue	28,959	29,640
Non-recurring revenue	15,184	24,049
	<u>44,143</u>	<u>53,689</u>
Recurring revenue - loss on contracts	(4,886)	-
Non-recurring revenue - loss on contracts	3,931	-
	<u>(955)</u>	<u>-</u>
Total cost of revenue	43,188	53,689
Gross profit	24,329	24,035
Operating expenses		
Research and development	7,863	6,286
Selling, general and administrative	14,443	15,253
Amortization of other intangible assets	1,160	3,324
Total operating expenses	<u>23,466</u>	<u>24,863</u>
Income (loss) from operations	863	(828)
Interest income	92	301
Interest expense	<u>(324)</u>	<u>(487)</u>
Income (loss) before provision for income taxes	631	(1,014)
Provision for income taxes	<u>(200)</u>	<u>(345)</u>
Net income (loss)	<u>\$ 431</u>	<u>\$ (1,359)</u>
Net income (loss) per share:		
Basic	<u>\$ 0.01</u>	<u>\$ (0.03)</u>
Diluted	<u>\$ 0.01</u>	<u>\$ (0.03)</u>
Weighted average shares outstanding:		
Basic	<u>46,869</u>	<u>46,006</u>
Diluted	<u>48,233</u>	<u>46,006</u>
Other financial data:		
EBITDA (a)	\$ 6,463	\$ 7,505
12-month backlog (b)	\$ 164,500	\$ 182,700
Total backlog (c)	\$ 566,900	\$ 613,900

See footnote definitions on following page.

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- (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.

	Three Months Ended June 30,	
	2004	2003
A reconciliation of net income (loss) to EBITDA is as follows:		
Net income (loss)	\$ 431	\$ (1,359)
Amortization of deferred stock compensation	105	595
Operating depreciation and amortization	5,290	4,414
Amortization of other intangible assets	1,160	3,324
Loss on contracts, net	(955)	-
Interest, net	232	186
Tax provision	200	345
	6,032	8,864
EBITDA	\$ 6,463	\$ 7,505

- (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.