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TRIAD HOSPITALS INC  
Form 11-K  
June 29, 2001

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

or

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-29816

A. Full title of the plan and the address of the plan, if different  
from that of the issuer named below:

Triad Hospitals, Inc. Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and  
the address of its principal executive office:

Triad Hospitals, Inc.  
13455 Noel Road, 20th Floor  
Dallas, Texas 75240  
(972) 789-2700

Triad Hospitals, Inc.  
Retirement Savings Plan

Financial Statements  
and Supplemental Schedule

As of December 31, 2000 and 1999,  
and for the Year ended December 31, 2000

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Report of Independent Auditors

Plan Administrator  
Triad Hospitals, Inc. Retirement Savings Plan

We have audited the accompanying statement of net assets available for benefits of the Triad Hospitals, Inc. Retirement and Savings Plan as of December 31, 2000, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2000, and the changes in its net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2000, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dallas, Texas  
May 15, 2001

/s/ Ernst & Young LLP

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Ernst & Young LLP

Report of Independent Auditors

To the Participants and Administrator of the  
Triad Hospitals, Inc. Retirement Savings Plan

In our opinion, the accompanying statement of net assets available for benefits presents fairly, in all material respects, the net assets available for benefits of the Triad Hospitals, Inc. Retirement Savings Plan (the "Plan") at December 31, 1999 in conformity with accounting principles generally accepted in the United States. This financial statement is the responsibility of the Plan's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

Dallas, Texas  
July 11, 2000

/s/ PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP

Triad Hospitals, Inc.  
Retirement Savings Plan

Statements of Net Assets Available for Benefits

	December 31	
	2000	1999
	-----	
Assets		
Investments:		
Columbia/HCA Healthcare Corporation		
Common Stock	\$ 98,412,477	\$ 78,938,856
Triad Hospitals, Inc. Common Stock	26,583,146	3,027,677
Triad Hospitals, Inc. Common Stock (unallocated)	87,918,750	45,375,000
LifePoint Hospitals, Inc. Common Stock	6,166,779	1,748,002
Registered investment companies	230,801,142	243,632,485
Collective Short-Term Investment Fund	2,202,062	1,469,117
Participant loans	6,510,280	7,388,833
	-----	
Total investments	458,594,636	381,579,970
	-----	
Receivables:		
Employer matching contribution	129,616	50,423
Employer supplemental contribution	651,766	4,900,896
Participants contributions	582,887	285,642

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Due from broker for securities sold	422,677	412,834
Interest and dividends	508,389	616,072
	-----	-----
Total receivables	2,295,335	6,265,867
	-----	-----
Total assets	460,889,971	387,845,837
	-----	-----
Liabilities		
Note payable to Triad	28,433,057	31,082,466
Cash overdraft	118,742	27,541
Other	129,030	141,860
	-----	-----
Total liabilities	28,680,829	31,251,867
	-----	-----
Net assets available for benefits	\$ 432,209,142	\$ 356,593,970
	=====	=====

See accompanying notes.

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Triad Hospitals, Inc.  
Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2000

Additions to net assets attributed to:

Investment income:	
Net appreciation in fair value of investments	\$ 92,582,148
Interest	6,068,761
Dividends	3,924,689
	-----
	102,575,598
	-----

Contributions:

Participants	14,178,249
Employer matching	3,121,927
Employer retirement	4,669,768
Employer supplemental	651,766
	-----
	22,621,710
	-----

Total additions

125,197,308

Deductions from net assets attributed to:

Benefits paid to participants	45,550,121
Interest expense	2,020,359
Administrative expenses	1,351,142
	-----
Total deductions	48,921,622
	-----

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Net increase prior to transfers	76,275,686
Transfers to other plans	(660,514)
	-----
Net increase	75,615,172
Net assets available for benefits at beginning of year	356,593,970
	-----
Net assets available for benefits at end of year	\$432,209,142
	=====

See accompanying notes.

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### Triad Hospitals, Inc. Retirement Savings Plan

#### Notes to Financial Statements

December 31, 2000

#### 1. Description of the Plan

The following description of Triad Hospitals, Inc. Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more comprehensive description of the Plan's provisions.

##### General

Triad Hospitals, Inc. (the Company or Triad) was created May 11, 1999 (the closing date) upon completion of a spin-off by Columbia/HCA Healthcare Corporation (Columbia/HCA). Triad created the Triad Hospitals, Inc. Retirement Savings Plan (the Plan) effective on the closing date.

The Plan replaced benefits previously provided by Columbia/HCA through the Columbia/HCA Healthcare Corporation Money Purchase Pension Plan, Columbia/HCA Salary Deferral Plan, Columbia/HCA Healthcare Corporation Stock Bonus Plan, HealthTrust, Inc. 401(k) Retirement Program, and/or the EPIC Healthcare Group, Inc. Profit Sharing Plan (collectively referred to hereinafter as the Prior Plans).

The Plan is a defined contribution plan which provides retirement, disability, and death benefits for all of the employees of the Company. The Plan covers employees of the Company who have at least two months of service and are age 21 or older. Employees whose employment is subject to a collective bargaining agreement (unless such agreement provides to the contrary) and leased employees are not entitled to participate in the Plan. All individuals who were employed by the Company on the closing date and who were active participants in one or more of the Prior Plans became participants of the Plan on the closing date. A component of the Plan operates as a leveraged employee stock ownership program (ESOP) and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code (the Code). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

##### Contributions

Participants may voluntarily elect to defer salary and contribute the amount deferred to the Plan (participants' contributions) in amounts of up to 15% prior to July 1, 2000 and up to 18% subsequent to July 1, 2000 of their annual

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compensation, as defined by the Plan.

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Triad Hospitals, Inc.  
Retirement Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Effective July 1, 2000, new employees automatically defer 3% of their annual compensation as participant contributions to the Plan unless the participant directs the Plan Sponsor otherwise. Additionally, effective July 1, 2000, participants may also rollover amounts representing distributions from other qualified plans.

The Company contributes, on behalf of each participant, an amount equal to 50% of a participant's contribution (Employer matching contribution), not to exceed 1 1/2% of the participant's compensation.

The Company makes an annual contribution (Employer Retirement Contribution) which is allocated to eligible participants. To be eligible to receive an allocation of the Employer Retirement Contribution, the participant must have been employed by the Company on the first day of the Plan year, have completed one year of service, and as of the last day of the Plan year, must be age 21 and employed by the Company. The Employer Retirement Contribution is made in the amount necessary to repay the installment due on the Note Payable to Triad (Triad Note) (see Note 4). Making the payment under the Triad Note results in shares of Triad Hospitals, Inc. Common Stock (Triad common stock) (see Note 3) being released from collateral under the Triad Note. This Triad common stock is used to make the annual ESOP allocation to participants. If the Employer Retirement Contribution is not sufficient to provide for the Plan's period allocations, the Company makes a cash contribution (Employer Supplemental Contribution). Together, the Employer Retirement and Supplemental Contributions provide for an annual allocation for each eligible participant. The allocation for each eligible participant is calculated as follows:

Years of Service on Last Day of Plan Year	Allocation as a Percent of Participant's Compensation
Less than 5	2
5 but less than 10	3
10 or more	5

Participants may direct all participant contributions, the Employer matching contribution and the Employer Supplemental Contribution to several different Plan investment options, including Triad common stock.

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Triad Hospitals, Inc.  
Retirement Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

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### Participant Accounts

Each participant's account is credited with the participant's contribution and Employer Matching Contribution, and the participant's allocation of the Employer Retirement and Supplemental Contributions and investment earnings and charged with an allocation of administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### Vesting

Participants are immediately vested with respect to their participant's contributions plus earnings thereon. Vesting of the Employer Matching, Retirement and Supplemental Contributions plus earnings thereon is based on years of continuous service and increases with the accumulation of the years of service. After three years of service, the participant is 20% vested. With the completion of each additional year of service, the participant is vested an additional 20%. After seven years of service, the participant is 100% vested.

All balances transferred from the Prior Plans and associated earnings are 100% vested, with the exception of the Columbia/HCA Healthcare Corporation Money Purchase Pension Plan and the Columbia/HCA Healthcare Corporation Stock Bonus Plan. Vesting of provisions for these two prior plans generally follows the same schedule as vesting for the employer contributions.

### Participants Loans

Participants may borrow from their account subject to a minimum of \$1,000, and up to a maximum equal to \$50,000 less the highest outstanding loan balance in the preceding twelve months, or the lesser of 50% of vested balances in all accounts available for loans, as defined by the Plan. Loan terms range from one to five years, or up to ten years for the purchase of a primary residence. The loans are secured by the balance in the participant's account. Principal and interest is paid ratably through payroll deductions. The interest rate is determined based on the prime rate charged by the Northern Trust Company (the Trustee).

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Triad Hospitals, Inc.  
Retirement Savings Plan

### Notes to Financial Statements (continued)

#### 1. Description of the Plan (continued)

##### Payment of Benefits

On termination of service due to death, disability or retirement, a participant becomes 100% vested and may elect to receive an amount equal to the value of the participant's interest in his or her account in either a lump-sum amount or annuity payments. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. In-service withdrawals are available for a participant upon attainment of age 59 1/2. Hardship withdrawals are available for a participant experiencing qualifying circumstances.

##### Forfeited Accounts

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At December 31, 2000 and 1999, forfeited nonvested accounts totaled \$2,075,981 and \$1,401,264, respectively. These accounts will be used to reduce the Company's contributions made to the Plan. Forfeitures attributable to Employer Retirement Contributions shall be allocated to accounts of participants employed on the last day of the Plan year in which such forfeitures are created, pro rata based on participants Employer Retirement Contribution account balances. Any other forfeitures shall be utilized to reduce the Employer's Matching Contribution and any Employer Supplemental Contribution.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

#### Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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### Triad Hospitals, Inc. Retirement Savings Plan

#### Notes to Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### Valuation of Investments and Income Recognition

Shares of registered investment companies are valued at published market prices which represent the net asset value of shares held by the Plan at year end. Common stock is valued at its quoted market price. Participant loans are valued at their carrying value, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

#### Administrative Expenses

Certain administrative expenses are paid by the Plan.

#### Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

### 3. Investments

Unless the Plan Administrator directs otherwise, participants shall have no voting rights with regard to the investment in Columbia/HCA Healthcare Corporation Common Stock (Columbia/HCA common stock) or LifePoint Hospitals, Inc. Common Stock (LifePoint common stock). Participants may direct investments out of these funds, but no future investments may be made in these funds. The Plan Administrator or the Company may direct some or all of the Columbia/HCA



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and/or LifePoint common stock to be sold and invested in Triad common stock.

During 1999, the Plan purchased 3,000,000 shares of Triad common stock for use in connection with the ESOP component of the Plan (ESOP stock). The ESOP stock is held in a secondary trust which is administered by U.S. Trust Company, N.A. (the Secondary Trustee). The ESOP stock is collateral for the Triad Note (see Note 4). As payments are made on the Triad Note, shares are released from collateral based upon the ratio of principal and interest paid during the period over the total principal and interest payments due under the Triad Note. Released shares are allocated to participant accounts in

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Triad Hospitals, Inc.  
Retirement Savings Plan

Notes to Financial Statements (continued)

3. Investments (continued)

accordance with the ESOP allocation. Participants do not have any investment discretion regarding the ESOP stock allocated to their accounts. Participants can direct the voting of ESOP stock allocated to their account. The Secondary Trustee votes any unallocated ESOP stock and any allocated ESOP stock for which the Secondary Trustee did not receive voting directions proportionately in accordance with the voting directions that were received. As of December 31, 2000, 600,000 shares in total have been released from collateral. A total of 300,000 shares were allocated to participant accounts in February, 2001 and the remaining 300,000 shares were allocated in February, 2000.

During 2000, the Plan's investments (including investments bought, sold and held during the period) appreciated (depreciated) in value as follows:

Registered investment companies	\$ (8,577,048)
Common stock	101,159,196
	-----
	\$ 92,582,148
	=====

The fair value of individual investments that represent 5% or more of the Plan's net assets at December 31 are:

	2000
	-----
Columbia/HCA Healthcare Corporation	
Common Stock	\$ 98,412,477
Triad Hospitals, Inc. Common Stock	114,501,896
Core Equity Fund	69,121,785
PIMCO Total Return Fund	46,979,208
PRIMCO Stable Value Fund	44,027,509
Berger Small Cap Value Investment Fund	36,365,818
	1999
	-----
Columbia/HCA Healthcare Corporation	
Common Stock	\$ 78,938,856
Triad Hospitals, Inc. Common Stock	48,402,677
Core Equity Fund	83,332,264
PIMCO Total Return Fund	48,299,692

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PRIMCO Stable Value Fund	43,935,745
Berger Small Cap Value Investment Fund	30,784,563
Putnam International Growth A Fund	20,489,502

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Triad Hospitals, Inc.  
Retirement Savings Plan

Notes to Financial Statements (continued)

4. Note Payable to Triad

In June 1999, the Plan borrowed \$34,500,000 from the Company and used the proceeds to purchase the ESOP stock (see Note 3). The Triad Note is to be repaid annually in equal annual installments of \$4,669,768 over a period of ten years at 6 1/2% interest. The Triad Note requires the Company to make Employer Retirement Contributions in amounts based on the schedule of the required payments. The Triad Note is collateralized by the ESOP stock. The Company has no rights against the shares once the ESOP stock is allocated to participant accounts. As of December 31, 2000, payments due under the Triad Note and the schedule for release of ESOP stock from collateral was as follows:

	Payments	Stock Released
	-----	
2001	\$ 4,669,768	300,000
2002	4,669,768	300,000
2003	4,669,768	300,000
2004	4,669,768	300,000
2005	4,669,768	300,000
Thereafter	14,009,306	900,000

5. Non-Participant Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the non-participant-directed investments is as follows:

	December 31	
	2000	1999
	-----	
Net assets:		
Triad Hospitals, Inc. common stock	\$ 97,260,443	\$ 45,375,000
Note payable to Triad	(28,433,057)	(31,082,466)
	-----	
	\$ 68,827,386	\$ 14,292,534
	=====	

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Triad Hospitals, Inc.  
Retirement Savings Plan

Notes to Financial Statements (continued)

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5. Non-Participant Directed Investments (continued)

	Year Ended December 31, 2000
	-----
Changes in Net Assets:	
Net appreciation in fair value of investments	\$ 52,304,031
Interest	208
Employer retirement contribution	4,669,768
Benefits paid to participants	(428,147)
Interest expense	(2,020,359)
Interfund transfers	9,850
Administrative expenses	(499)
	-----
	\$ 54,534,852
	=====

6. Related Party Transactions

Certain plan investments are managed by an affiliate of the Trustee. Certain other plan investments are shares of the Triad common stock and of Columbia/HCA common stock. Columbia/HCA provides various services to the Company, including payroll processing.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested with regard to their Employer Matching, Retirement and Supplemental Contributions.

8. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated November 7, 2000, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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Triad Hospitals, Inc.  
Retirement Savings Plan

Notes to Financial Statements (continued)

9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31 to Form 5500:

2000	1999
-----	-----

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Net assets available for benefits per the financial statements	\$432,209,142	\$356,593,970
Amounts allocated to withdrawing participants	(734,663)	(736,614)
Net assets available for benefits per the Form 5500	\$431,474,479	\$355,857,356

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2000 to Form 5500:

Benefits paid to participants per the financial statements	\$ 46,210,635
Amounts allocated to withdrawing participants at December 31, 2000	734,663
Amounts allocated to withdrawing participants at December 31, 1999	(736,614)
Benefits paid to participants per Form 5500	\$ 46,208,684

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit payments that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

10. Subsequent Event

On April 27, 2001, the Company acquired Quorum Health Group, Inc. (Quorum). Individuals who were employed by Quorum prior to the acquisition and remain employees of entities previously owned by Quorum after the acquisition who are eligible for participation in the Quorum 401(k) Plan are excluded from participation in the Plan.

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Supplemental Schedule

Triad Hospitals, Inc.  
Retirement Savings Plan

Schedule H; Line 4i - Schedule of Assets (Held At End of Year)

EIN: 75-2816101  
Plan #: 001

December 31, 2000

(a)	(b) Identity of Issue, Borrower, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	(d) Cos
*	Columbia/HCA Healthcare Corporation	Columbia/HCA Healthcare Corporation Common Stock	
*	Triad Hospitals, Inc.	Triad Hospitals, Inc. Common Stock (ESOP stock/nonparticipant-	

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directed)

\$3

*	Triad Hospitals, Inc. LifePoint Hospital, Inc.	Triad Hospitals, Inc. Common Stock LifePoint Hospitals, Inc. Common Stock
	J.P. Morgan & Co. Inc. and Putnam Investments Pacific Investment Management Company	Core Equity Fund PIMCO Total Return Fund
	Invesco Berger Funds	PRIMCO Stable Value Fund Berger Small Cap Value Investment Fund
	Putnam Investments	Putnam International Growth A Fund
*	Barclays Global Investors The Northern Trust Company	BGI Equity Index H Fund Collective Short-Term Investment Fund
*	Participants	General purpose loans, interest rates ranging from 7% to 9.5%

\* Party-in-interest  
N/A Reporting not required because investment is participant-directed.

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SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Triad Hospitals, Inc. Retirement Savings Plan

Date: June 28, 2001

By /s/ Rickey E. Thomason

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Rickey E. Thomason  
Vice President of Human Resources

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EXHIBIT INDEX

Exhibit	Seq.
Number	Description
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- 23.1 Consent of Independent Auditors - Ernst & Young LLP
- 23.2 Consent of Independent Auditors - PricewaterhouseCoopers LLP