
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): August 7, 2007

PEDIATRIX MEDICAL GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida

001-12111

65-0271219

(State or Other
Jurisdiction of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

1301 Concord Terrace
Sunrise, Florida 33323

(Address of principal executive office)

Registrant's telephone number, including area code (954) 384-0175

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17
CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR
240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On August 7, 2007, Pediatrix Medical Group, Inc. (the "Company") issued a press release ("Press Release") announcing its results of operations for the year ended December 31, 2006 and for the three months ended March 31, 2007. The Press Release also announced that the Company has filed its Form 10-K for the year ended December 31, 2006 and Forms 10-Q for the periods ended June 30, and September 30, 2006 and March 31, 2007 with the Securities and Exchange Commission ("SEC"). In addition, the Press Release announced that the Company restated prior financial statements in its Form 10-K covering periods through March 31, 2006 to reflect the recording of additional stock-based compensation expense of \$33.2 million, before tax adjustments. A copy of the Press Release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On August 7, 2007, the Company also issued a separate press release ("Second Quarter Press Release") announcing its results of operations for the three and six months ended June 30, 2007. A copy of the Second Quarter Press Release is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The information contained in this Item 2.02, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed "filed" with the SEC nor incorporated by reference in any registration statement or other document filed by the Company under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

The Company also announced in the Second Quarter Press Release that its Board of Directors authorized a share repurchase program, pursuant to which the Company may purchase up to \$100 million of its common stock in open market purchases based upon price, general economic and market conditions and trading restrictions.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 -- Press Release dated August 7, 2007.

99.2 -- Press Release dated August 7, 2007.

SIGNATURES

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

PEDIATRIX MEDICAL GROUP, INC.

Date: August 7, 2007

By: /s/ Karl B. Wagner

Name: Karl B. Wagner
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated August 7, 2007
99.2	Press Release dated August 7, 2007

Pediatrix Reports 2006 Full Year, 2007 First Quarter Results

FORT LAUDERDALE, Fla.--(BUSINESS WIRE)--Aug. 7, 2007--Pediatrix Medical Group, Inc., (NYSE: PDX) today reported record results from operations for the year ended December 31, 2006, and three months ended March 31, 2007. These results were delayed while the Audit Committee of the Company's Board of Directors completed a comprehensive review of historical stock option grant practices.

For the year ended December 31, 2006, Pediatrix reported:

- Revenue growth of 18 percent, including same-unit revenue growth of 11.9 percent;
- Non-GAAP operating income growth of 24 percent;
- Non-GAAP operating margin expansion of 132 basis points, largely as a result of better general and administrative expense management; and
- Non-GAAP earnings per share of \$2.83, which grew by 22 percent from the prior year.

For the three months ended March 31, 2007, Pediatrix reported:

- Revenue growth of 14 percent, principally from same-unit growth of 10.7 percent;
- Non-GAAP operating income growth of 23 percent, with a 162-basis point improvement in adjusted operating margin; and
- Non-GAAP earnings per share growth of 21 percent, to 58 cents.

"Our operating results demonstrate that we continue to execute on our strategy of growing our national group practice and managing it more efficiently," said Roger J. Medel, M.D., Chief Executive Officer of Pediatrix. "We are achieving significant operating efficiencies while delivering value-added services to our physicians and we remain confident that our model is attractive to more physician groups within our core subspecialties, as well as other hospital-based specialties."

Pediatrix's results from operations include certain specific items that affect the comparability of operating results. These items include:

- Equity-based compensation expense of \$11.9 million in 2005 and \$20.1 million in 2006;
- An increase of \$20.9 million in estimated liability reserves during 2005 associated with a previously announced Medicaid investigation settlement;
- A gain of \$1.6 million on the sale of the Company's aircraft during the second quarter of 2006;
- Costs of \$4.8 million incurred during the second half of 2006, and \$1.5 million incurred during the 2007 first quarter related to the Company's recently completed stock-option review;
- Employee-benefit expenses of \$6.4 million during the 2007 first quarter reflecting the Company's accrual for payment of taxes on behalf of employees, other than executive officers, imposed by Section 409A of the Internal Revenue Code; and
- A reduction in the Company's tax provision of \$1.2 million in the 2007 first quarter.

In this press release, Pediatrix compares its results based on both generally accepted accounting principles (GAAP) and adjusted, or non-GAAP, to take into account the items noted above. The Company believes that excluding these items allows investors to have a more meaningful understanding of the Company's core operating results. These non-GAAP, or adjusted, items are related to specific periods mentioned above, and discussed throughout this release. Pediatrix provides a detailed reconciliation of non-GAAP to GAAP items in the tables accompanying this press release.

Year Ended December 31, 2006

Pediatrix reported net patient service revenue for 2006 of \$818.6 million, which increased 18 percent when compared with revenue of \$693.7 million for 2005. Same-unit revenue increased by 11.9 percent as a result of the impact of a new physician code for neonatal intensive care services introduced at the beginning of 2006, as well as ongoing reimbursement and patient-volume growth. Revenue growth attributable to same-unit patient volume was 4.9 percent for 2006 over 2005, and included 3.6 percent patient volume growth at neonatal intensive care units (NICU) staffed by Pediatrix physicians.

Operating income for 2006 was \$198.5 million, as compared with \$146.0 million for the 12 months ended December 31, 2005. When adjusted, Pediatrix's operating income increased by 24 percent, to \$221.8 million during 2006, from \$178.8 million for 2005. Adjusted operating margin increased to 27.1 percent in 2006, up 132 basis points from 25.8 percent in 2005.

Pediatrix's net income for 2006 was \$124.5 million, up from \$87.5 million in 2005. On an adjusted basis, net income grew by 25 percent, to \$139.8 million for 2006 when compared with \$111.5 million for 2005.

Earnings per share were \$2.52 for 2006 based on a weighted average 49.4 million shares outstanding, which compares with \$1.82, based on 48.0 million shares outstanding, for 2005. When adjusted, EPS increased by 22 percent, to \$2.83 in 2006, from \$2.32 in 2005.

During 2006, Pediatrix generated cash flow from operations of \$177.3 million, which included the payment of \$25.1 million related to the Medicaid investigation settlement that had accrued during prior periods. During 2005, Pediatrix generated cash flow from operations of \$162.4 million.

Pediatrix invested \$91.8 million in acquisitions during 2006, and the Company completed eight physician group practice acquisitions during that period, including four neonatal practices and four pediatric cardiology practices.

At December 31, 2006, Pediatrix had cash and cash equivalents of \$69.6 million and short-term investments of \$65.7 million. Accounts receivable were \$125.6 million.

Three Months Ended March 31, 2007

Comparisons of results for the three months ended March 31, 2007 and 2006, respectively, exclude employee-benefit costs associated with the Company's accrual for payment of taxes on behalf of employees as imposed by Internal Revenue Code Section 409A, expenses related to the stock option review, and the benefit from a reduced tax provision for the 2007 period.

For the three months ended March 31, 2007, Pediatrix reported net patient service revenue of \$214.5 million, up 14 percent from \$187.7 million for the comparable 2006 period.

Same-unit revenue growth was 10.7 percent, which included the impact of the neonatal code introduced during 2006, as well as improved reimbursement and higher patient volume. Same-unit revenue growth attributed to patient volume was 4.4 percent, which included 3.9 percent growth in NICU patient volume, and growth of office-based practices and newborn screening programs.

Operating income for the 2007 first quarter was \$38.5 million as compared to \$37.6 million for the 2006 first quarter. When adjusted, 2007 first quarter operating income was \$46.4 million, up 23 percent from \$37.6 million for the comparable 2006 period. First quarter adjusted operating margin expanded by 162 basis points to 21.6 percent for 2007, from 20.0 percent for 2006. Pediatrix's first quarter margins are normally impacted by seasonal issues, specifically a reduction in the number of billing days for neonatal physician services, and an increase in payroll-related taxes at the beginning of each calendar year.

Pediatrix's effective tax rate was reduced to 36.3 percent for the 2007 first quarter as a result of a \$1.2 million reduction in the Company's liability for uncertain tax positions following the expiration of the statutes of limitations on certain filed tax returns. Pediatrix's tax rate will be affected by its adoption of the Financial Accounting Standards Board's Interpretation No. 48, as well as tax law changes in Texas. For the remainder of 2007, Pediatrix expects that its effective tax rate will be 39.25 percent.

For the three months ended March 31, 2007, Pediatrix's net income was \$25.6 million, which compares with \$23.4 million for the same 2006 period. Adjusted net income of \$29.2 million in the 2007 first quarter increased by 25 percent from \$23.4 million for the 2006 first quarter.

On a per share basis, Pediatrix earned 51 cents per share, based on a weighted average 49.9 million shares outstanding, for the 2007 first quarter, which compares with EPS of 48 cents per share, based on a weighted average 48.9 million shares outstanding, for the 2006 first quarter. Adjusted EPS of 58 cents for the 2007 first quarter increased by 21 percent, from the 2006 first quarter.

During the 2007 first quarter, Pediatrix used \$30.8 million of its cash to fund operations, principally due to the payment of accrued bonuses earned by physicians under their 2006 incentive compensation plans, as well as corporate income tax payments.

During the 2007 first quarter, Pediatrix completed the acquisition of neonatal physician group practices based in San Francisco, California, and Munster, Indiana. The Company invested \$12.0 million in acquisitions during the period.

At March 31, 2007, Pediatrix had cash and cash equivalents of \$71.6 million and short-term investments of \$17.2 million.

Pediatrix's SEC Filings

Today, Pediatrix filed its Annual Report on Form 10-K for the 12 months ended December 31, 2006, as well as quarterly reports on Form 10-Q for the periods ended June 30, 2006, September 30, 2006 and March 31, 2007, bringing the company current in its Securities and Exchange Commission filings. As a result of the stock option review, Pediatrix has recorded additional cumulative non-cash stock-based compensation expense of \$33.2 million, before tax adjustments, related to previously granted stock options. The Company's Form 10-K includes restated financial statements covering all periods through March 31, 2006.

Reconciliation of Non-GAAP Information

This press release contains non-GAAP information, which includes income from operations, operating margin, net income and earnings per share, which is adjusted for certain items as set forth below. Pediatrix believes that this non-GAAP information is useful to management and investors reviewing financial and business trends related to its results of operations and that when non-GAAP information is viewed with GAAP information, investors are provided with a meaningful understanding of Pediatrix's ongoing operating financial performance. This information is not intended to be considered in isolation, or as a substitute of GAAP financial information. The following tables reconcile non-GAAP financial information to income from operations, net income and net income per common share, which Pediatrix believes are the most comparable GAAP measures:

	Non-GAAP Adjustments Three Months Ended			
	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
----- (in thousands, except for per share data) -----				
Net patient service revenue	\$214,456	\$211,313	\$215,755	\$203,807
GAAP practice salaries and benefits	130,945	120,674	120,836	114,419
Equity-based compensation expense	--	(1,174)	(1,303)	(1,107)
Internal Revenue Code 409A expense	(2,978)	--	--	--
Non-GAAP practice salaries and benefits	127,967	119,500	119,533	113,312
GAAP general and administrative expenses	33,615	28,874	27,971	24,820
Equity-based compensation				

expense	--	(3,643)	(3,799)	(3,824)
Gain on sale of aircraft				1,630
Stock option review expense	(1,500)	(3,125)	(1,675)	
Internal Revenue Code 409A expense	(3,408)	--	--	--

Non-GAAP general and administrative expenses	28,707	22,106	22,497	22,626
GAAP income from operations	38,523	50,798	56,548	53,560
Net adjustments	7,886	7,942	6,777	3,301

Non-GAAP income from operations	46,409	58,740	63,325	56,861
GAAP income tax provision	(14,584)	(20,028)	(22,434)	(20,169)
Net adjustments	(4,276)	(2,767)	(2,326)(a)	(1,037)

Non-GAAP income tax provision	(18,860)	(22,795)	(24,760)	(21,206)
GAAP net income	25,582	32,415	35,165	33,458
Net adjustments	3,610	5,175	4,451	2,264
Non-GAAP net income	29,192	37,590	39,616	35,722

Net income per common and common equivalent share (diluted):

GAAP EPS	\$ 0.51	\$ 0.65	\$ 0.71	\$ 0.68
Net adjustments	0.07	0.11	0.09	0.04

Non-GAAP EPS	\$ 0.58	\$ 0.76	\$ 0.80	\$ 0.72
Weighted average shares used in computing net income per common and common equivalent share (diluted)	49,910	49,714	49,515	49,461

(a) Adjusted income tax provision for the three months ended September 30, 2006, includes the cumulative impact of an increase in the Company's effective tax rate for 2006.

Share and per-share data for all periods presented have been adjusted to give effect to the two-for-one stock split that was effective April 28, 2006.

	Non-GAAP Adjustments	
	12 Months Ended	
	December 31, 2006	December 31, 2005

	(in thousands, except for per share data)	

Net patient service revenue	\$818,554	\$693,700
GAAP practice salaries and benefits	468,498	393,719
Equity-based compensation expense	(4,753)	(2,796)

Non-GAAP practice salaries and benefits	463,745	390,923
GAAP general and administrative expense	109,057	116,375
Equity-based compensation expense	(15,353)	(9,064)
Gain on sale of aircraft	1,630	--
Stock option review expense	(4,800)	--
Medicaid settlement		(20,899)

Non-GAAP general and administrative exp.	90,534	86,412
GAAP income from operations	198,474	146,013
Net adjustments	23,276	32,759

Non-GAAP income from operations	221,750	178,772

GAAP income tax provision	(76,813)	(57,419)
Net adjustments	(7,956)	(8,769)
	-----	-----
Non-GAAP income tax provision	(84,769)	(66,188)
GAAP net income	\$124,465	\$ 87,509
Net adjustments	15,320	23,990
	-----	-----
Non-GAAP net income	\$139,785	\$111,499
Net income per common and common equivalent share (diluted)		
GAAP	\$ 2.52	\$ 1.82
Net adjustments	0.31	0.50
	-----	-----
Non-GAAP	\$ 2.83	\$ 2.32
Weighted average shares used in computing net income per common and common equivalent share (diluted)	49,387	48,040

Share and per-share data for all periods presented have been adjusted to give effect to the two-for-one stock split that was effective April 28, 2006.

Investor conference call

Pediatrics Medical Group, Inc. will host an investor conference call to discuss the quarterly results at 11 a.m. Eastern Time today. The conference call Webcast may be accessed from the Company's website, www.pediatrics.com. A telephone replay of the conference call will be available from 2:30 p.m. Eastern Time today through midnight Eastern Time August 21, 2007 by dialing 800-475-6701, access code 883077. The replay will also be available at www.pediatrics.com.

About Pediatrics

Pediatrics Medical Group, Inc. is the nation's leading provider of neonatal, maternal-fetal and pediatric physician subspecialty services. Pediatrics physicians and advanced practitioners are reshaping the delivery of care within the maternal-fetal, neonatal intensive care and pediatric cardiology subspecialties, using evidence-based tools, continuous quality initiatives and clinical research to enhance patient outcomes and provide high-quality, cost-effective care. Founded in 1979, its neonatal physicians provide services at more than 240 neonatal intensive care units, and in many markets they collaborate with affiliated maternal-fetal medicine, pediatric cardiology physician subspecialists and pediatric intensivists to provide a clinical care continuum. Combined, Pediatrics and its affiliated professional corporations employ more than 950 physicians in 32 states and Puerto Rico. Pediatrics is also the nation's largest provider of newborn hearing screens and newborn metabolic screening. Additional information is available at www.pediatrics.com.

Certain statements and information in this press release may be deemed to be "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. These statements are often characterized by terminology such as "believe", "hope", "may", "anticipate", "should", "intend", "plan", "will", "expect", "estimate", "project", "positioned", "strategy" and similar expressions, and are based on assumptions and assessments made by Pediatrics's management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements in this press release are made as of the date hereof, and Pediatrics undertakes no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments, and business decisions to differ materially from forward-looking statements are described in Pediatrics's most recent Annual Report on Form 10-K, including the section entitled "Risk Factors". Additional factors include, but are not limited to:

the possible discovery of additional facts beyond those reviewed by the Audit Committee; possible litigation related to the matters investigated by the Pediatrix's Audit Committee or the restatements to Pediatrix's financial statements and other historical disclosures; and any regulatory actions of the SEC or the U.S. Attorney related to such matters.

Pediatrix Medical Group, Inc.
Consolidated Statements of Income
(Unaudited)

	Three months ended				Mar. 31,
	Mar. 31,	Dec. 31,	Sept. 30,	June 30,	2006
	2007	2006	2006	2006	(restated)

	(in thousands, except for per share data)				

Net patient service revenue	\$214,456	\$211,313	\$215,755	\$203,807	\$187,679

Operating expenses:					
Practice salaries and benefits	130,945	120,674	120,836	114,419	112,569
Practice supplies and other operating expenses	8,900	8,557	8,092	8,604	7,802
General and administrative expenses	33,615	28,874	27,971	24,820	27,392
Depreciation and amortization	2,473	2,410	2,308	2,404	2,348

Total operating expenses	175,933	160,515	159,207	150,247	150,111

Income from operations	38,523	50,798	56,548	53,560	37,568
Investment income	1,864	1,735	1,173	478	450
Interest expense	(221)	(90)	(122)	(411)	(409)

Income before income taxes	40,166	52,443	57,599	53,627	37,609
Income tax provision	(14,584)	(20,028)	(22,434)	(20,169)	(14,182)

Net income	\$ 25,582	\$ 32,415	\$ 35,165	\$ 33,458	\$ 23,427
	=====				
Per share data:					
Net income per common and common equivalent share (diluted)	\$ 0.51	\$ 0.65	\$ 0.71	\$ 0.68	\$ 0.48
Weighted average shares used in computing net income per common and common equivalent share (diluted)	49,910	49,714	49,515	49,461	48,906

Share and per-share data for all periods presented have been adjusted to give effect to the two-for-one stock split that was effective April 28, 2006.

Consolidated Statements of Income

12 months ended,
Dec. 31,
Dec. 31, 2005

	2006	(restated)
	(in thousands, except for per share data)	

Net patient service revenue	\$818,554	\$693,700
Operating expenses:		
Practice salaries and benefits	468,498	393,719
Practice supplies and other operating expenses	33,055	27,678
General and administrative expenses	109,057	116,375
Depreciation and amortization	9,470	9,915

Total operating expenses	620,080	547,687

Income from operations	198,474	146,013
Investment income	3,836	1,177
Interest expense	(1,032)	(2,262)

Income before income taxes	201,278	144,928
Income tax provision	(76,813)	(57,419)
Net income	\$124,465	\$ 87,509
	=====	=====
Per share data:		
Net income per common and common equivalent share (diluted)	\$ 2.52	\$ 1.82
Weighted average shares used in computing net income per common and common equivalent share (diluted)	49,387	48,040

Share and per-share data for all periods presented have been adjusted to give effect to the two-for-one stock split that was effective April 28, 2006.

Balance Sheet Highlights

	Mar. 31, 2007 (Unaudited)	As of Dec. 31, 2006	Dec. 31, 2005 (restated)

	(in thousands)		
Assets:			
Cash & cash equivalents	\$ 71,632	\$ 69,595	\$ 11,192
Short-term investments	17,185	65,660	10,920
Accounts receivable, net	127,773	125,573	111,725
Other current assets	50,317	40,771	30,787
Other assets, property and equipment	851,461	833,571	735,779

Total assets	\$1,118,368	\$1,135,170	\$ 900,403
	=====	=====	=====
Liabilities and shareholders' equity:			
Accounts payable & accrued expenses	\$ 136,855	\$ 206,552	\$ 175,619
Total debt	575	860	1,504

Other liabilities	86,090	61,957	41,146

Total liabilities	223,520	269,369	218,269
Shareholders' equity	894,848	865,801	682,134

Total liabilities and shareholders' equity	\$1,118,368	\$1,135,170	\$ 900,403
	=====	=====	=====

Other Operating Data

	12 Months Ended December 31, 2006	2005

Number of:		
Births	674,336	629,948
NICU Admissions	80,151	72,876
NICU Patient days	1,472,428	1,347,064

CONTACT: Pediatrix Medical Group, Inc.
Bob Kneeley, 954-384-0175, x-5300
Director, Investor Relations
bob_kneeley@pediatrix.com

Pediatrix Reports Non-GAAP EPS of 75 Cents for 2007 Second Quarter

Introduces 2007 Second Half EPS Guidance of \$1.58 to \$1.62

Announces \$100 Million Share Repurchase Program

FORT LAUDERDALE, Fla.--(BUSINESS WIRE)--Aug. 7, 2007--Pediatrix Medical Group, Inc., (NYSE: PDX) today reported non-GAAP earnings per share of 75 cents for the three months ended June 30, 2007.

During the 2007 second quarter, Pediatrix reported:

- Revenue of \$226.8 million, up 11 percent from the comparable 2006 period;
- Non-GAAP operating income growth of 16 percent, to \$60.0 million, coupled with continued margin expansion;
- Cash flow from operations of \$67.1 million.

"Our results for the 2007 second quarter mark continued progress in advancing a national group practice model that allows physicians to focus on patient care while managing the administrative functions of our practice with increasing efficiency," said Roger J. Medel, M.D., Chief Executive Officer of Pediatrix. "We are confident that there are ample opportunities for us to sustain our historical growth rates through the continued execution of a proven strategy that adds value to physicians practicing in a number of specialties."

In this press release, Pediatrix will compare its results based on both generally accepted accounting principles (GAAP) and adjusted, or non-GAAP, to exclude certain items. The Company believes that excluding these items allows investors to have a more meaningful understanding of the Company's operating results. These specific non-GAAP, or adjusted, items include expenses of \$1.8 million incurred during the 2007 second quarter associated with the Company's recently completed stock option review, and a gain of \$1.6 million on the sale of the Company's aircraft during the 2006 second quarter. Pediatrix provides a detailed reconciliation of non-GAAP to GAAP items in the tables accompanying this press release.

Pediatrix's net patient service revenue increased by 11 percent to \$226.8 million for the three months ended June 30, 2007, from \$203.8 million for the comparable 2006 period. Revenue growth was driven by a combination of higher patient volume for physician services, improved reimbursement and acquisitions. Overall same-unit revenue for the 2007 second quarter increased by 8.7 percent, as compared with the same period of 2006, which includes same-unit revenue growth attributable to higher patient volume, of 5.3 percent. During the 2007 second quarter, neonatal intensive care unit patient days increased by 4.2 percent on a same-unit basis.

For the 2007 second quarter, Pediatrix reported operating income of \$58.2 million, which compares with \$53.6 million for the 2006 second quarter. Adjusted operating income grew by 16 percent, to \$60.0 million for the 2007 period, from \$51.9 million, adjusted, for the comparable 2006 period.

Adjusted operating margin expanded by 99 basis points, to 26.5 percent for the 2007 second quarter from the prior-year period, largely as a result of continued strong general and administrative expense management. When adjusted, Pediatrix's general and administrative expenses increased by 6 percent for the 2007 second quarter, when compared with the 2006 second quarter, and general and administrative expenses as a percent of revenue declined by 62 basis points year over year.

Pediatrix's effective tax rate for the 2007 second quarter increased to 39.25 percent, as compared to 37.25 percent for the prior-year period. This increase reflects the Company's adoption of Financial Accounting Standards Board's Interpretation No. 48, as well as tax law changes in Texas.

Pediatrix's net income for the 2007 second quarter was \$36.3 million, which compares with \$33.5 million for the 2006 second quarter. Adjusted net income of \$37.4 million for the 2007 period increased by 15 percent from \$32.6 million for the comparable prior-year period.

On a per share basis, Pediatrix earned 72 cents for the three months ended June 30, 2007, based on a weighted average 50.1 million shares outstanding, which compares with 68 cents, based on a weighted average 49.5 million shares outstanding, for the comparable 2006 period.

Adjusted earnings per share of 75 cents for the 2007 second quarter were up 13 percent from 66 cents, adjusted, for the 2006 second quarter.

For the three months ended June 30, 2007, Pediatrix had cash flow from operations of \$67.1 million.

At June 30, 2007, Pediatrix had cash and cash equivalents of \$136.6 million. Net accounts receivable were \$132.8 million and Pediatrix had no amounts outstanding under its \$225 million revolving credit facility at the end of the 2007 second quarter.

For the six months ended June 30, 2007, presented solely on a GAAP basis, Pediatrix's net patient service revenue was \$441.3 million, up 13 percent from the prior-year period. Operating income was \$96.8 million for the first half of 2007, and was impacted by expenses of \$9.7 million associated with the Company's stock-option review and accruals for payments related to Internal Revenue Code Section 409A. Pediatrix's operating income was \$91.1 million for the first half of 2006. Net income for the first half of 2007 was \$61.9 million, compared with \$56.9 million for the first half of 2006. On a per share basis, Pediatrix earned \$1.24 for the first half of 2007, based on a weighted average 50.0 million shares outstanding, which compares with EPS of \$1.16 based on a weighted average 49.2 million shares outstanding for the first half of 2006.

Pediatrix has completed three physician group practice acquisitions during 2007, including neonatal physician groups in San Francisco, California, and Munster, Indiana, and a pediatric cardiology group practice in San Antonio, Texas. Pediatrix has used approximately \$16 million of its cash thus far this year for physician group practice acquisitions.

Guidance for the Remainder of 2007

Pediatrix also announced that it expects to earn \$1.58 to \$1.62 per share for the second half of 2007. Pediatrix's guidance reflects the higher effective tax rate for all of 2007 and does not include the impact from expenses associated with the Company's stock option review beyond June 30, 2007.

The Company's guidance is based on the following key assumptions:

- Projected same-unit patient volume growth of 3 to 5 percent at neonatal intensive care units staffed by its physicians;
- Improved reimbursement from third-party payors of 2 to 4 percent; and
- Estimated contributions from cash investments of \$50 million to \$55 million to acquire physician group practices within its core neonatal, maternal-fetal and pediatric subspecialty care throughout 2007, as well as contributions from acquisitions completed during 2007.

Share Repurchase

Pediatrix's Board of Directors has authorized the Company to repurchase up to \$100 million of its common stock through open market purchases, from time to time, based on price, general market and economic conditions and trading restrictions. Pediatrix has not included any possible impact of this share repurchase program in its current earnings guidance.

Reconciliation of Non-GAAP Information

This press release contains non-GAAP information, including income from operations, operating margin, net income and earnings per share which is adjusted for certain items as set forth below. Pediatrix believes that this non-GAAP information is useful to management and investors reviewing financial and business trends related to its results of operations and that when non-GAAP information is viewed with GAAP information, investors are provided with a meaningful understanding of Pediatrix's ongoing operating financial performance.

This information is not intended to be considered in isolation, or as a substitute of GAAP financial information. The following tables reconcile non-GAAP financial information to income from operations, net income, and net income per common share, which Pediatrix believes are the most comparable GAAP measures:

Non-GAAP Adjustments	Three Months Ended	
	June 30, 2007	June 30, 2006

	(in thousands, except for per share data)	

Net patient service revenue	\$226,810	\$203,807
GAAP general and administrative expenses	29,839	24,820
Gain on sale of aircraft		1,630
Stock option review expense	(1,800)	
	-----	-----
Non-GAAP general and administrative expenses	28,039	26,450
GAAP operating income	58,239	53,560
Net adjustments	1,800	(1,630)
	-----	-----
Non-GAAP operating income	60,039	51,930
GAAP income tax provision	(23,463)	(20,169)
Net adjustments	(706)	800
	-----	-----
Non-GAAP income tax provision	(24,169)	(19,369)
GAAP net income	36,315	33,458
Net adjustments	1,094	(830)
	-----	-----
Non-GAAP net income	37,409	32,628
Net income per common and common equivalent share (diluted):		
GAAP EPS	\$ 0.72	\$ 0.68
Adjustment	0.03	(0.02)
	-----	-----
Non-GAAP EPS	\$ 0.75	\$ 0.66
Weighted average shares used in computing net income per common and common equivalent share (diluted)	50,125	49,461

Investor conference call

Pediatrix Medical Group, Inc. will host an investor conference call to discuss the quarterly results at 11 a.m. Eastern Time today. The conference call Webcast may be accessed from the Company's website, www.pediatrix.com. A telephone replay of the conference call will be available from 2:30 p.m. Eastern Time today through midnight Eastern Time August 21, 2007 by dialing 800-475-6701, access code 883077. The replay will also be available at www.pediatrix.com.

About Pediatrix

Pediatrix Medical Group, Inc. is the nation's leading provider of neonatal, maternal-fetal and pediatric physician subspecialty services. Pediatrix physicians and advanced practitioners are reshaping the delivery of care within the maternal-fetal, neonatal intensive care and pediatric cardiology subspecialties, using evidence-based tools, continuous quality initiatives and clinical research to enhance patient outcomes and provide high-quality, cost-effective care. Founded in 1979, its neonatal physicians provide services at more than 240 neonatal intensive care units, and in many markets they collaborate with affiliated maternal-fetal medicine, pediatric cardiology physician subspecialists and pediatric intensivists to provide a clinical care continuum. Combined, Pediatrix and its affiliated professional corporations employ more than 950 physicians in 32 states and Puerto Rico. Pediatrix is also the nation's largest provider of newborn hearing screens and newborn metabolic screening. Additional information is available at www.pediatrix.com.

Certain statements and information in this press release may be

deemed to be "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. These statements are often characterized by terminology such as "believe", "hope", "may", "anticipate", "should", "intend", "plan", "will", "expect", "estimate", "project", "positioned", "strategy" and similar expressions, and are based on assumptions and assessments made by Pediatrix's management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements in this press release are made as of the date hereof, and Pediatrix undertakes no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments, and business decisions to differ materially from forward-looking statements are described in Pediatrix's most recent Annual Report on Form 10-K, including the section entitled "Risk Factors". Additional factors include, but are not limited to, uncertainties related to: the possible discovery of additional facts beyond those reviewed by the Audit Committee in connection with its stock option review; possible litigation related to the matters investigated by the Pediatrix's Audit Committee or the restatements to Pediatrix's financial statements and other historical disclosures; and any regulatory actions of the SEC or the U.S. Attorney related to such matters.

Pediatrix Medical Group, Inc.
Consolidated Statements of Income
(Unaudited)

	Three months ended June 30, 2007	June 30, 2006	Six Months Ended June 30, 2007	June 30, 2006
----- (in thousands, except for per share data) -----				
Net patient service revenue	\$226,810	\$203,807	\$441,266	\$391,486

Operating expenses:				
Practice salaries and benefits	126,662	114,419	257,607	226,988
Practice supplies and other operating expenses	9,604	8,604	18,504	16,406
General and administrative expenses	29,839	24,820	63,454	52,212
Depreciation and amortization	2,466	2,404	4,939	4,752

Total operating expenses	168,571	150,247	344,504	300,358

Income from operations	58,239	53,560	96,762	91,128
Investment income	1,661	478	3,525	928
Interest expense	(122)	(411)	(343)	(820)

Income before income taxes	59,778	53,627	99,944	91,236
Income tax provision	(23,463)	(20,169)	(38,047)	(34,351)

Net income	\$ 36,315	\$ 33,458	\$ 61,897	\$ 56,885
=====				
Per share data:				
Net income per common and common equivalent share (diluted)	\$ 0.72	\$ 0.68	\$ 1.24	\$ 1.16
Weighted average shares used in computing net income per common and common equivalent share (diluted)				
	50,125	49,461	50,019	49,179

Balance Sheet Highlights

	As of	
	June 30, 2007	Dec. 31, 2006

	(Unaudited)	

	(in thousands)	
Assets:		
Cash & cash equivalents	\$ 136,606	\$ 69,595
Short-term investments	14,535	65,660
Accounts receivable, net	132,836	125,573
Other current assets	47,888	40,771
Other assets, property and equipment	857,106	833,571
	-----	-----
Total assets	\$1,188,971	\$1,135,170
	=====	=====
Liabilities and shareholders' equity:		
Accounts payable & accrued expenses	\$ 170,293	\$ 206,552
Total debt	527	860
Other liabilities	79,769	61,957
	-----	-----
Total liabilities	250,589	269,369
Shareholders' equity	938,382	865,801
Total liabilities and shareholders' equity	\$1,188,971	\$1,135,170
	=====	=====

CONTACT: Pediatrix Medical Group, Inc.
 Bob Kneeley, 954-384-0175, ext. 5300
 Director, Investor Relation
 bob_kneeley@pediatrix.com