UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-26762

PEDIATRIX MEDICAL GROUP, INC.
(Exact name of registrant as specified in its charter)

FLORIDA	65-0271219
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1455 NORTH PARK DRIVE
FT. LAUDERDALE, FLORIDA 33326
(Address of principal executive offices)
(Zip Code)

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

NOT APPLICABLE
(Former name, former address and fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

At November 3, 1997, the Registrant had 15,076,010 shares of $0.01 par value common stock outstanding.

PEDIATRIX MEDICAL GROUP, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 1997 (UNAUDITED)	DECEMBER 31, 1996
	(IN THOUSANDS)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,322	$ 18,435
Investments in marketable securities	27,026	57,218
Accounts receivable, net	32,957	23,396
Prepaid expenses	1,354	1,283
Other current assets	450	375
Income taxes receivable	--	202
Total current assets	73,109	100,909
Property and equipment, net	9,573	8,676
Other assets, net	102,130	49,441
Total assets	$ 184,812	$ 159,026
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 14,812	$ 13,423
Income taxes payable	2,159	--
Current portion of note payable	200	200
Deferred income taxes	8,292	6,099
Total current liabilities	25,463	19,722
Note payable	2,600	2,750
Deferred income taxes	1,265	233
Total liabilities	29,328	22,705
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	--	--
Common stock	151	149
Additional paid-in capital	120,570	116,037
Retained earnings	34,744	20,165
Unrealized gain (loss) on investments	19	(30)
Total stockholders' equity	155,484	136,321
Total liabilities and stockholders' equity	$ 184,812	$ 159,026

The accompanying notes are an integral part of these financial statements

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
	(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)			
Net patient service revenue	$ 34,444	$ 22,404	$ 92,056	$ 56,339
Operating expenses:				
Salaries and benefits	21,874	14,526	59,257	36,863
Supplies & other operating expenses	2,467	1,740	6,927	4,222
Depreciation and amortization	1,278	543	3,069	1,111
Total operating expenses	25,619	16,809	69,253	42,196
Income from operations	8,825	5,595	22,803	14,143
Investment income	422	535	1,720	1,457
Interest expense	(76)	(80)	(225)	(142)
Income before income taxes	9,171	6,050	24,298	15,458
Income tax provision	3,668	2,485	9,719	6,246
Net income	$ 5,503	$ 3,565	$ 14,579	$ 9,212
Per share data:				
Net income per common and common common equivalent share:				
Primary	$ .35	$ .24	$ .93	$ .65
Fully diluted	$ .35	$ .24	$ .93	$ .65
Weighted average shares used in computing net income per common and common equivalent share:				
Primary	15,853	14,994	15,692	14,188
Fully diluted	15,853	15,047	15,745	14,215

The accompanying notes are an integral part of these financial statements

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
	(IN THOUSANDS)	
Cash flows provided (used) by operating activities:		
Net income	$ 14,579	$ 9,212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,069	1,111
Deferred income taxes	3,225	3,096
Changes in assets and liabilities:		
Accounts receivable	(9,561)	(8,789)
Prepaid expenses and other current assets	(146)	92
Income taxes receivable/payable	4,495	2,053
Other assets	(218)	260
Accounts payable and accrued expenses	2,711	4,207
Net cash provided by operating activities	18,154	11,242
Cash flows provided (used) by investing activities:		
Physician group acquisition payments	(56,163)	(39,002)
Purchase of investments	(10,424)	(38,459)
Proceeds from sale of investments	40,665	27,851
Purchase of property and equipment	(1,597)	(3,825)
Net cash used in investing activities	(27,519)	(53,435)
Cash flows provided (used) by financing activities:		
Proceeds from mortgage loan	--	3,000
Payments on note payable	(150)	(815)
Proceeds from issuance of common stock	2,402	59,516
Payments made to retire common stock	--	(45)
Net cash provided by financing activities	2,252	61,656
Net increase (decrease) in cash and cash equivalents	(7,113)	19,463
Cash and cash equivalents at beginning of period	18,435	18,499
Cash and cash equivalents at end of period	$ 11,322	$ 37,962

The accompanying notes are an integral part of these financial statements

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1997

(UNAUDITED)

1. BASIS OF PRESENTATION:

The accompanying unaudited condensed consolidated financial statements of Pediatrix Medical Group, Inc. (the "Company" or "Pediatrix") presented herein do not include all disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of interim periods.

The results of operations for the three and nine months ended September 30, 1997, are not necessarily indicative of the results of operations to be expected for the year ended December 31, 1997. The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1997.

2. BUSINESS ACQUISITIONS:

During the first nine months of 1997, the Company completed the acquisition of nine physician group practices in various locations throughout the country. Additionally, three neonatal intensive care units (NICUs) were added through the Company's internal marketing activities. Total cash paid for these units approximated $52 million, adding a total of 29 NICUs.

The Company has accounted for the acquisitions using the purchase method of accounting and the excess of cost over fair value of net assets acquired is being amortized on a straight-line basis over 25 years. The results of operations of the acquired practices have been included in the consolidated financial statements from the dates of acquisition.

The following unaudited pro forma information combines the consolidated results of operations of the Company and the physician group practices acquired during 1996 and 1997 as if the acquisitions had occurred on January 1, 1996:

	NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Net patient service revenue	$ 98,659	$ 82,256
Net income	14,675	10,478
Net income per share:		
Primary	.94	.74
Fully diluted	.93	.74

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(UNAUDITED)

The pro forma results do not necessarily represent results which would have occurred if the acquisitions had taken place at the beginning of the period, nor are they indicative of the results of future combined operations.

3. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consists of the following:

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
	(IN THOUSANDS)	
Accounts payable	$ 2,592	$ 2,489
Accrued salaries and bonuses	4,479	3,508
Accrued payroll taxes and benefits	3,007	2,009
Accrued professional liability coverage	3,373	2,413
Other accrued expenses	1,361	3,004
	$ 14,812	$ 13,423

4. NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE:

Primary and fully diluted net income per share is calculated by dividing net income by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of the dilutive effect of outstanding options calculated using the treasury stock method.

5. CONTINGENCIES:

During the ordinary course of business, the Company has become a party to pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice and are generally covered by insurance. The Company believes that the outcome of such legal actions and proceedings will not have a material adverse effect on the Company's financial condition, results of operations or liquidity, notwithstanding any possible insurance recovery.

The Company is currently under examination by the Internal Revenue Service for the tax years ended December 31, 1992, 1993, and 1994. The IRS has challenged certain deductions that, if disallowed, would result in additional taxes of approximately $4.5 million, plus interest. The Company has reviewed the IRS matters under consideration and believes that the tax returns are substantially correct as filed. The Company intends to vigorously contest the proposed adjustments and believes it has adequately provided for any liability that may result from this examination. The Company and its tax advisors believe that the ultimate resolution of the examination will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has been notified by a hospital customer of a dispute regarding the interpretation of the customer's contract with the Company. The customer believes that the Company should refund approximately $7.5 million of payments made to the Company over the last five years. The

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(UNAUDITED)

Company disagrees with the customer's interpretation of the contract and believes that the matter will be resolved amicably. In the unlikely event that the Company cannot resolve this matter amicably, the Company intends to vigorously litigate the matter and assert all its legal defenses. The Company believes that the ultimate resolution of the matter will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

6. CHANGES TO ACCOUNTING PRONOUNCEMENTS:

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". This statement is designed to improve the earnings per share ("EPS") information provided in financial statements by simplifying the existing computational guidelines, revising the disclosure requirements, and increasing the comparability of EPS data on an international basis. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997. Under the provisions of SFAS 128, basic EPS would have been $.37 and $.25 for the three months ended September 30, 1997, and 1996, respectively, and $.97 and $.68 for the nine months ended September 30, 1997, and 1996, respectively. Diluted EPS would have been the same as the reported amounts.

7. SUBSEQUENT EVENTS:

Subsequent to September 30, 1997, the Company completed the acquisition of one physician group practice. Total cash paid for this acquisition approximated $3.5 million. The acquisition will be accounted for using the purchase method of accounting.

On October 21, 1997 the Company increased the amount of funds available under its credit facility from $30.0 million to $75.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 1997, AS COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1996

The Company reported net patient service revenue of $34.4 million for the three months ended September 30, 1997, as compared with $22.4 million for the same period in 1996, a growth rate of 53.7%. This $12.0 million increase was primarily attributable to new units, including units at which the Company provides services as a result of acquisitions. Same unit patient service revenue, exclusive of administrative fees, was essentially flat for the three months ended September 30, 1997, compared to the same period in 1996. Same units are those units at which the Company provided services for the entire period for which the percentage is calculated and the entire comparable period.

Salaries and benefits increased $7.4 million, or 50.6% to $21.9 million for the three months ended September 30, 1997, as compared with $14.5 million for the same period in 1996. Of this $7.4 million increase, $5.4 million was attributable to hiring new physicians, primarily to support new unit growth, and the remaining $2.0 million was primarily attributable to increased support staff and resources added in the areas of nursing, executive management and billing and reimbursement. Supplies and other operating expenses increased $727,000, or 41.8% to $2.5 million for the three months ended September 30, 1997, as compared with $1.7 million for the same period in 1996, primarily as a result of new units. Depreciation and amortization expense increased by $735,000, or 135.4% to $1.3 million for the three months ended September 30, 1997, as compared with $543,000 for the same period in 1996, primarily as a result of amortization of goodwill in connection with acquisitions.

Income from operations increased approximately $3.2 million, or 57.7%, to $8.8 million for the three months ended September 30, 1997, as compared with $5.6 million for the same period in 1996. The increase in income from operations was primarily due to increased volume, principally from acquisitions.

The Company earned investment income of approximately $422,000 for the three months ended September 30, 1997, as compared with $535,000 for the same period in 1996. The decrease in investment income resulted primarily from funds used in connection with acquisitions.

The effective income tax rate was approximately 40% and 41% for the three month periods ended September 30, 1997, and 1996, respectively.

Net income increased 54.4% to $5.5 million for the three months ended September 30, 1997, as compared with $3.6 million for the same period in 1996. Net income as a percentage of net patient service revenue increased to 16.0% for the three months ended September 30, 1997, compared to 15.9% for the same period in 1996.

NINE MONTHS ENDED SEPTEMBER 30, 1997, AS COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1996

The Company reported net patient service revenue of $92.1 million for the nine months ended September 30, 1997, as compared with $56.3 million for the same period in 1996, a growth rate of 63.4%. This $35.8 million increase was primarily attributable to new units. Same unit patient service revenue, exclusive of administrative fees, increased $600,000, or 1.7%, for the nine months ended September 30, 1997, compared to the same period in 1996. Same units are those units at which the Company provided services for the entire period for which the percentage is calculated and the entire comparable period.

Salaries and benefits increased $22.4 million, or 60.7% to $59.3 million for the nine months ended September 30, 1997, as compared with $36.9 million for the same period in 1996. Of this $22.4 million increase, $16.7 million was attributable to hiring new physicians, primarily to support new unit growth, and the remaining $5.7 million was primarily attributable to increased support staff and resources added in the areas of nursing, executive management and billing and reimbursement. Supplies and other operating expenses increased $2.7 million, or 64.1% to $6.9 million for the nine months ended September 30, 1997, as compared with $4.2 million for the same period in 1996, primarily as a result of new units. Depreciation and amortization expense increased by $2.0 million, or 176.2% to $3.1 million for the nine months ended September 30, 1997, as compared with $1.1 million for the same period in 1996, primarily as a result of amortization of goodwill in connection with acquisitions.

Income from operations increased approximately $8.7 million, or 61.2%, to $22.8 million for the nine months ended September 30, 1997, as compared with $14.1 million for the same period in 1996. The increase in income from operations was primarily due to increased volume, principally from acquisitions.

The Company earned investment income of approximately $1.7 million for the nine months ended September 30, 1997, as compared with $1.5 million for the same period in 1996. The increase in investment income resulted primarily from additional funds available for investment due to proceeds from the secondary public offering completed in the third quarter of 1996 as well as cash flow from operations. These amounts were offset by funds used in connection with acquisitions.

The effective income tax rate was approximately 40% for the nine month periods ended September 30, 1997, and 1996.

Net income increased 58.3% to $14.6 million for the nine months ended September 30, 1997, as compared with $9.2 million for the same period in 1996. Net income as a percentage of net patient service revenue decreased to 15.8% for the nine months ended September 30, 1997, compared to 16.4% for the same period in 1996, primarily as a result of amortization of goodwill in connection with acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 1997, the Company had working capital of approximately $47.6 million, a decrease of $33.6 million from the working capital of $81.2 million available at December 31, 1996. The decrease is principally a result of funds utilized for acquisitions during the first nine months of 1997, offset by cash generated from operations.

During the nine months ended September 30, 1997, capital expenditures amounted to approximately $1.6 million principally for computer hardware and software and furniture and fixtures. For the remainder of 1997, the Company anticipates capital expenditures of approximately $500,000, principally for computer hardware and software.

On October 21, 1997 the Company increased the amount of funds available under its credit facility from $30.0 million to $75.0 million. The Company anticipates that funds generated from operations together with cash and marketable securities on hand and funds available under its credit facility, will be sufficient to meet its working capital requirements and finance any required capital expenditures for at least the next twelve months.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

During the ordinary course of business, the Company has become a party to pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice and are generally covered by insurance. The Company believes that the outcome of such legal actions and proceedings will not have a material adverse effect on the Company's financial condition, results of operations or liquidity, notwithstanding any possible insurance recovery.

The Company is currently under examination by the Internal Revenue Service for the tax years ended December 31, 1992, 1993, and 1994. The IRS has challenged certain deductions that, if disallowed, would result in additional taxes of approximately $4.5 million, plus interest. The Company has reviewed the IRS matters under consideration and believes that the tax returns are substantially correct as filed. The Company intends to vigorously contest the proposed adjustments and believes it has adequately provided for any liability that may result from this examination. The Company and its tax advisors believe that the ultimate resolution of the examination will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has been notified by a hospital customer of a dispute regarding the interpretation of the customer's contract with the Company. The customer believes that the Company should refund approximately $7.5 million of payments made to the Company over the last five years. The Company disagrees with the customer's interpretation of the contract and believes that the matter will be resolved amicably. In the unlikely event that the Company cannot resolve this matter amicably, the Company intends to vigorously litigate the matter and assert all its legal defenses. The Company believes that the ultimate resolution of the matter will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

PART II - OTHER INFORMATION - (CONTINUED)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

10.36 Amendment No. 2 to First Amended and Restated Credit Agreement, dated October 21, 1997, between Pediatrix, certain PA contractors, BankBoston and SunTrust Bank.

11.1 Statement Re: Computation of Per Share Earnings

27.1 Financial Data Schedule

(b) Reports on Form 8-K

None.

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 thereunto duly authorized.

PEDIATRIX MEDICAL GROUP, INC.

Date: November 12, 1997 By: /s/ Roger J. Medel

Roger J. Medel, President and Chief Executive Officer (Principal Executive Officer)

Date: November 12, 1997 By: /s/ Lawrence M. Mullen

Lawrence M. Mullen, Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 10.36

AMENDMENT NO. 2

TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT
Dated as of October 21,1997

This Agreement, dated as of October 21, 1997, is among Pediatrix Medical Group, Inc., a Florida corporation, the Related Entities of Pediatrix Medical Group, Inc. from time to time party hereto, the Lenders from time to time party hereto including SunTrust Bank/South Florida, National Association (the "Prior Lender") as Lender under the Revolving Loan, and BankBoston, N.A. (formerly known as The First National Bank of Boston), both in its capacity as a Lender under the Revolving Loan and the Mortgage Loan and in its capacity as agent for itself and the other Lenders (collectively the foregoing parties, the "Credit Parties") and SunTrust Bank/Central Florida, National Association (the "New Lender"). The parties agree as follows:

1. REFERENCE TO CREDIT AGREEMENT; DEFINITIONS. Reference is made to the First Amended and Restated Credit Agreement dated as of June 27, 1996 (the "Credit Agreement"), as amended and in effect from time to time, among the Credit Parties hereto. Terms defined in the Credit Agreement and not otherwise defined herein are used herein with the meanings so defined.

2. ASSIGNMENT AND ASSUMPTION.

2.1. Assignment and Assumption. In consideration of the payment by the New Lender to the Prior Lender of good and valuable consideration and of the other agreements, conditions, representations and warranties contained herein, effective upon receipt by the Prior Lender of such consideration (the "Effective Time"):

(a) the Prior Lender hereby sells, transfers and assigns to the New Lender (i) all of its right, title and interest in and to the Credit Obligations, and (ii) all of its rights and obligations under the Credit Agreement and the other Credit Documents, in each case as in effect as of the date hereof, and

(b) the New Lender hereby accepts such rights, titles and interests and such rights and assumes such obligations on the terms and conditions contained herein.

Notwithstanding anything to the contrary herein, the New Lender shall not assume any obligation under any Credit Document to be performed by the Prior Lender prior to the Effective Time and the Prior Lender shall retain its rights under the Credit Documents to the extent set forth in Section 3. The Borrowers specifically consent to the foregoing assignment and assumption.

2.2 Certain Effects of Assignment and Assumption. From and after the Effective Time, the Prior Lender agrees that the New Lender shall be entitled, except to the extent set forth in Section 3, to all of its rights, powers and privileges under the Credit Agreement and the other Credit Documents, in each case as in effect as of the date hereof, including, without limitation, (a) the rights to receive all monies payable under the Credit Documents from and after the Effective Time, whether on account of principal, interest (whether accrued before or after the Effective Time), fees, indemnities, increased costs, additional amounts or otherwise (but excluding indemnities and additional amounts for the benefit of the Prior Lender to the extent set forth in Section 3), (b) the right to set-off and to appropriate and apply deposits of the Company as set forth in the Credit Documents, (c) the right to receive notices, requests, demands and other communications and (d) the right to supplement, modify or amend the Credit Documents and to grant waivers thereunder.

2.3 Replacement of Prior Lender. Upon the Effective Time, the New Lender shall become party to the Credit Agreement and the other Credit Documents as though it were the Lender and a signatory thereto and, except as expressly otherwise provided herein, shall have all of the rights and obligations of the Lender under the Credit Agreement and the other Credit Documents and the Prior Lender shall be released from its obligations under the Credit Agreement and such other Credit Documents to a corresponding extent, and no further consent or action by any party shall be required. From and after the Effective Time, for purposes of the Credit Agreement and the other Credit Documents, the term "Lender" shall mean the New Lender.

3. SURVIVAL OF INDEMNITIES. Notwithstanding the other provisions of this Agreement, the transfers and assignments made pursuant hereto and any future amendment of the Credit Agreement or any other Credit Document, the indemnification provisions and other provisions of the Credit Agreement and the other Credit Documents assigned hereby that expressly survive the termination of the Credit Agreement or such other Credit Documents, each as in effect immediately prior to the execution hereof, shall continue to inure to the benefit of the Prior Lender with respect to any events which happened or actions taken or omitted to be taken prior to the Effective Time, without derogating from any rights of the New Lender against the Company with respect to any events which happened or actions taken or omitted to be taken prior to the Effective Time that the New Lender may have acquired in its capacity as Lender from and after the Effective Time pursuant to the transfers and assignments provided in this Agreement. The Prior Lender will give the Company prompt notice of any claim made against it, or the incurring of any expense or liability, for which it may seek indemnity or reimbursement from the Company under such provisions.

4. RELEASE. In consideration of the agreements by the Prior Lender hereunder and for other valuable consideration, the receipt and sufficiency of which are acknowledged, the Company fully releases, discharges and covenants not to sue the Prior Lender or any of its

directors, officers, employees, agents, accountants, attorneys, consultants and each Person, if any, that controls it, from and with respect to any claims, liabilities, actions and suits of every nature, whether in law, at equity or otherwise, arising from or relating to the Credit Agreement or the other Credit Documents or any event which happened or action taken or omitted to be taken prior to the date hereof with respect thereto or which arises from or relates to the Credit Documents, the Credit Security, the Credit Obligations or any possible refinancing or restructuring thereof.

5. NOTICES. All notices and other communications required to be given or made to the New Lender under this Agreement, the Credit Agreement or any Credit Document shall be given or made at its address set forth on the signature page hereof or at such other address as the New Lender shall have specified and actually delivered to the addressor. All notices and other communications required to be given or made to the other parties hereto shall be given or made at the respective addresses provided in or pursuant to the Credit Agreement.

6. NO WAIVER. Nothing contained herein shall constitute a waiver by the New Lender of any Defaults or Events of Default now existing or hereafter arising under the Credit Documents.

7. AMENDMENT TO CREDIT AGREEMENT. Subject to all the terms and conditions hereof, the Credit Agreement is hereby amended as follows, effective as of the later of October 10, 1997 and the date each of the conditions in Section 4 hereof is satisfied or waived:

7.1. Amendment of Section 1.34. Section 1.34. of the Credit Agreement is hereby amended and restated to read as follows:

"1.34. "Consolidated Fixed Charges" means, for any period, the sum of:

(a) the aggregate amount of interest, including payments in the nature of interest under Capitalized Leases and Interest Rate Protection Agreements, paid or accrued by the Company and its Related Entities (whether such interest is reflected as an item of expense or capitalized) in accordance with GAAP on a consolidated basis;

plus (b) the aggregate amount of all mandatory scheduled payments, prepayments and sinking fund payments with respect to principal paid or accrued by the Company and its Related Entities in respect of Financing Debt, including payments in the nature of principal under Capitalized Leases and Interest Rate Protection Agreements, in accordance with GAAP on a Consolidated basis;

plus (c) any mandatory dividends paid or payable by the Company or any of its Related Entities to third parties.

7.2. Amendment of Section 1.63. Section 1.63. of the Credit Agreement is hereby amended and restated to read as follows:

"1.63. "Final Maturity Date" means (i) with respect to the Revolving Loan, September 30, 2000 and (ii) with respect to the Mortgage Loan, June 30, 2003.

7.3. Amendment of Section 2.1.2. Section 2.1.2. of the Credit Agreement is hereby amended and restated to read as follows:

"2.1.2. Maximum Amount of Revolving Credit. The term "Maximum Amount of Revolving Credit" means, on any date, the lesser of (a) $75,000,000 or (b) the amount (in an integral multiple of $1,000,000) to which the then applicable amount shall have been irrevocably reduced from time to time by notice from the Company to the Agent."

7.4. Amendment of Section 6.5.2. Section 6.5.2 of the Credit Agreement is hereby amended to read in its entirety as follows:

"6.5.2 Consolidated Total Debt to EBITDA. Consolidated Financing Debt shall not on any date exceed 300% of Consolidated EBITDA for the most recently completed period of four consecutive fiscal quarters, provided, however, for these purposes, Consolidated EBITDA shall exclude non-recurring charges."

7.5. Amendment of Section 6.5.3. Section 6.5.3 of the Credit Agreement is hereby amended to read in its entirety as follows:

"6.5.3. Consolidated Total Debt Service. On the last day of each fiscal quarter of the Company and its Related Entities, Operating Cash Flow shall be at least 200% of Consolidated Fixed Charges for the period of four consecutive fiscal quarters then ended.

7.6. Amendment of Section 6.5.4. Section 6.5.4 of the Credit Agreement is hereby amended to read in its entirety as follows:

"6.5.4. Consolidated Net Worth. On the last day of each fiscal quarter, the Consolidated Net Worth shall equal at least $76,000,000, plus the aggregate net proceeds of any offerings of equity interests in the Company or any of its Related Entities occurring on or after the Initial Closing Date.

7.7. Amendment of Section 6.11. Section 6.11. of the Credit Agreement is hereby amended to read in its entirety as follows:

"6.11. Capital Expenditures. None of the Borrowers will make Capital Expenditures exceeding $3,000,000 in the aggregate in any fiscal year."

7.8. Amendment of Section 11.1. Section 11.1. of the Credit Agreement is hereby amended to read in its entirety as follows:

"11.1. Interests in Credits. The percentage interest of each Lender in the Revolving Loan and Mortgage Loan, and the related Commitments, shall be computed based on the maximum principal amount for each Lender as follows:

Lender	Maximum Principal Amount of Revolving Loan	Percentage Interest of Revolving Loan	Principal of Mortgage Loan	Percentage Interest of Mortgage Loan
BankBoston, N.A.	$37,500,000	50%	$3,000,000	100%
SunTrust/Central Florida	$37,500,000	50%	$ 0	0%
Total	$75,000,000	100%	$3,000,000	100%

8. NO DEFAULT. In order to induce the Lenders to enter into this Amendment and to continue to extend credit to the Borrowers under the Credit Agreement as amended hereby, each of the Borrowers represents and warrants that, after giving effect to this Amendment, no Default under the Credit Agreement as amended hereby exists.

9. CONDITIONS. On or prior to the Amendment Date:

9.1. Each Borrower shall have duly executed and delivered to the Agent a Revolving Note for each Lender, dated as of June 27, 1996;

9.2. Each Borrower shall have delivered to the Agent an Officers Certificate in the form of Exhibit 5.4.1 to the Credit Agreement certifying that the representations and warranties contained in Section 7 of the Credit Agreement are true and correct on and as of the Amendment Date with the same force and effect as though made on and as of such date (except as to any representation or warranty which refers to a specific earlier date); that the Borrowers are in compliance with the convenants contained in Section 6 of the Credit Agreement and no Default shall exist on the Amendment Date prior to or immediately after giving effect to the requested extension of credit; and that no Material Adverse Change has occurred since December 31, 1995;

9.3. The making of the requested Amendment and extension of credit shall not (a) subject any Lender to any penalty or special tax (other than a Tax for which the Borrowers are required to reimburse the Lenders under Section 3.5 of the Credit Agreement), (b) be prohibited by any Legal Requirement or (c) violate any credit restraint program of the executive branch of the government of the United States of America, the Board of Governors of the Federal Reserve System or any other governmental or administrative agency so long as any Lender reasonably believes that compliance is in the best interests of the Lender.

9.4. This Amendment. the Credit Agreement and each other Credit Document and the transactions contemplated hereby and thereby shall have been authorized by all necessary corporate or other proceedings of the Borrowers. All necessary consents, approvals and authorizations of any governmental or administrative agency or any other Person of any of the transactions contemplated hereby or by any other Credit Document shall have been obtained and shall be in full force and effect;

9.5. All legal and corporate proceedings in connection with the transactions contemplated by this Amendment, the Credit Agreement and each other Credit Document shall be satisfactory in form and substance to the Agent and the Agent shall have received copies of all documents, including certified copies of the Charter and By-Laws of the Borrowers and the other Obligors, records of corporate proceedings, certificates as to signatures and incumbency of officers and opinions of counsel, which the Agent may have reasonably requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

10. MISCELLANEOUS. Except to the extent specifically amended hereby, the provisions of the Credit Agreement shall remain unmodified, and the Credit Agreement as amended hereby is confirmed as being in full force and effect. This Amendment may be executed in any number of counterparts which together shall constitute one instrument, shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts (other than conflict of laws rules), and shall bind and inure to the benefit of the parties hereto and their respective successors and assigns, including as such successors and assigns all holders of Credit Obligations.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

PEDIATRIX MEDICAL GROUP, INC.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF FLORIDA, INC.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP, P.C. (WV)

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP, P.C. (VA)

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP, S.P.
(PR)

By: /s/ Carlos Perez, M.D.

Title:

PEDIATRIX MEDICAL GROUP, P.A.
(NJ)

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
KANSAS, P.A.

By: /s/ Eduardo A. Otero, M.D.

Title:

PEDIATRIX MEDICAL GROUP
NEONATOLOGY
AND PEDIATRIC INTENSIVE CARE
SPECIALISTS OF NEW YORK, P.C.

By: /s/ Willard Helmuth, M.D.

Title:

PEDIATRIX MEDICAL GROUP OF
CALIFORNIA, P.C.

By: /s/ Carlos Perez, M.D.

Title:

PEDIATRIX MEDICAL GROUP OF
ILLINOIS, P.C.

By: /s/ Brian UDell, M.D.

Title:

PEDIATRIX MEDICAL GROUP OF
MICHIGAN, P.C.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
PENNSYLVANIA, P.C.

By: /s/ Brian UDell, M.D.

Title:

PEDIATRIX MEDICAL GROUP OF
TEXAS, P.A.

By: /s/ Stephen Haskins, M.D.

Title:

PEDIATRIX MEDICAL GROUP OF
OHIO, CORP.

By: /s/ Lawrence M. Mullen

Title:

NEONATAL SPECIALISTS, LTD. (AZ)

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
COLORADO, P.C.

By: /s/ Eric Kurzweil, M.D.

Title:

ST. JOSEPH NEONATOLOGY
CONSULTANTS, P.A.

By: /s/ Stephen Haskins, M.D.

Title:

PERNOLL MEDICAL GROUP OF
NEVADA, LTD. D/B/A PEDIATRIX MEDICAL
GROUP OF NEVADA

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
SOUTH CAROLINA, P.A.

By: /s/ Lawrence M. Mullen

Title:

FLORIDA REGIONAL NEONATAL
ASSOCIATES, P.A.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP, INC.
(Utah)

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
NEW
MEXICO, P.C.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
WASHINGTON, INC., P.C.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
INDIANA, P.C.

By: /s/ Brian UDell, M.D.

Title:

FORT WORTH NEONATAL
ASSOCIATES, P.A.

By: /s/ Stephen Haskins, M.D.

Title:

PMG ACQUISITION CORP.

By: /s/ Lawrence M. Mullen

Title:

PEDIATRIX MEDICAL GROUP OF
PUERTO RICO, P.S.C.

By: /s/ Carlos Perez, M.D.

Title:

BANKBOSTON, N.A.
(formerly known as The First National Bank of Boston)

By: /s/ Gregory G. O'Brien

Gregory G. O'Brien
Managing Director

BankBoston, N.A.
New England Corporate Banking
100 Federal Street
Boston, Massachusetts 02110
Telecopy: (617) 434-1279
Telex: 940581

SUNTRUST BANK/SOUTH FLORIDA,
NATIONAL ASSOCIATION

By /s/ Janet Sammons

Name:
Title:

SunTrust Bank/South Florida, National Association
501 E. Las Olas Boulevard
7th Floor
Fort Lauderdale, Florida 33301
Telecopy (954) 765-7240

STATE OF GEORGIA
COUNTY OF FULTON

On the _____ day of ____________ personally appeared ___________________________, as the ____________ PRESIDENT of SunTrust Bank, South Florida, National Association, and before me executed the attached AMENDMENT NO. 2 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT among Pediatrix Medical Group, Inc., the Related Entities of Pediatrix Medical Group, Inc. from time to time and the Lenders from time to time party hereto including SunTrust Bank, South Florida, National Association as lender under the Revolving Loan.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, in the state and county aforesaid.

Signature of Notary Public, State of

(Print, Type or Stamp Commissioned Name of
Notary Public) Personally known _________; OR Produced
identification

Type of identification produced:

(Notary Seal)

SUNTRUST BANK/CENTRAL FLORIDA,
NATIONAL ASSOCIATION

By /s/ Janet Sammons

Name:
Title:

SunTrust Bank/Central Florida, National Association
Health Care Banking Group
Mail Code: 0-1101
200 S. Orange Avenue
Orlando, Florida 32801
Telecopy (407) 237-5489

STATE OF GEORGIA
COUNTY OF FULTON

On the _____ day of ____________ personally appeared ___________________________, as the ____________ PRESIDENT of SunTrust Bank, Central Florida, National Association, and before me executed the attached AMENDMENT NO. 2 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT among Pediatrix Medical Group, Inc., the Related Entities of Pediatrix Medical Group, Inc. from time to time and the Lenders from time to time party thereto including SunTrust Bank, Central Florida, National Association as lender under the Revolving Loan.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, in the state and county aforesaid.

Signature of Notary Public, State of

(Print, Type or Stamp Commissioned Name of
Notary Public) Personally known _________; OR
Produced identification

Type of identification produced:

(Notary Seal)

EXHIBIT 11.1

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
	(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)			
Income applicable to common stock	$ 5,503	$ 3,565	$ 14,579	$ 9,212
Weighted average number of common and common share equivalents outstanding:				
Primary:				
Weighted average number of common shares outstanding	15,065	14,232	14,984	13,454
Weighted average number of dilutive common share equivalents	788	762	708	734
Weighted average number of common and common share equivalents outstanding for primary earnings per share	15,853	14,994	15,692	14,188
Fully diluted:				
Weighted average number of common shares outstanding	15,065	14,232	14,984	13,454
Weighted average number of dilutive common stock equivalents	788	815	761	761
Weighted average number of common and common equivalent shares outstanding for fully diluted earnings per share	15,853	15,047	15,745	14,215
Income per share:				
Primary	$ .35	$ .24	$ .93	$ .65
Fully diluted	$ .35	$ .24	$ .93	$ .65

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET OF PEDIATRIX MEDICAL GROUP AT SEPTEMBER 30, 1997 AND THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
11,322
27,026
32,957
0
0
73,109
9,573
0
184,812
25,463
2,600
0
0
151
155,333
184,812
0
92,056
0
69,253
(1,720)
0
225
24,298
9,719
14,579
0
0
0
14,579
.93
.93

AMOUNTS FOR RECEIVABLES AND PROPERTY PLANT AND EQUIPMENT ARE NET OF ANY ALLOWANCES AND ACCUMULATED DEPRECIATION.