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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2003

OR

o **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.)

1301 Concord Terrace
Sunrise, Florida 33323
(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 for 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 ☒ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No o

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Shares of Common Stock outstanding as of August 8, 2003: 23,030,940

PEDIATRIX MEDICAL GROUP, INC.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2003	December 31, 2002
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,554	$ 73,195
Accounts receivable, net	84,252	75,356
Prepaid expenses	3,075	6,083
Income taxes receivable	7,308	—
Deferred income taxes	—	5,515
Other assets	1,633	1,206
Total current assets	107,822	161,355
Property and equipment, net	17,140	16,820
Goodwill	500,332	463,032
Other assets, net	14,660	7,472
Total assets	$ 639,954	$648,679
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 73,357	$ 76,400
Current portion of long-term debt and capital lease obligations	625	504
Income taxes payable	—	4,896
Deferred income taxes	1,663	—
Total current liabilities	75,645	81,800
Line of credit	17,000	—
Long-term debt and capital lease obligations	2,382	1,985
Deferred income taxes	15,304	13,290
Deferred compensation	4,749	3,606
Total liabilities	115,080	100,681
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; par value $.01 per share; 1,000,000 shares authorized; none issued	—	—
Common stock; par value $.01 per share; 50,000,000 shares authorized; 27,582,831 and 27,004,938 shares issued, respectively	276	270
Additional paid-in capital	407,076	392,321
Treasury stock, at cost, 4,026,567 shares and 1,691,567 shares, respectively	(124,767)	(49,998)
Retained earnings	242,289	205,405
Total shareholders' equity	524,874	547,998
Total liabilities and shareholders' equity	$ 639,954	$648,679

The accompanying notes are an integral part of
these condensed consolidated financial statements.

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(in thousands, except for per share data)			
Net patient service revenue	$133,701	$116,223	$259,901	$223,505
Operating expenses:				
Practice salaries and benefits	75,648	65,183	150,264	127,718
Practice supplies and other operating expenses	4,718	3,954	8,783	7,443
General and administrative expenses	19,006	17,740	37,307	35,312
Depreciation and amortization	1,903	1,463	3,553	2,927
Total operating expenses	101,275	88,340	199,907	173,400
Income from operations	32,426	27,883	59,994	50,105
Investment income	81	222	220	375
Interest expense	(435)	(287)	(725)	(570)
Income before income taxes	32,072	27,818	59,489	49,910
Income tax provision	12,187	10,851	22,605	19,467
Net income	$ 19,885	$ 16,967	$ 36,884	$ 30,443
Per share data:				
Net income per common and common equivalent share:				
Basic	$ .84	$ .64	$ 1.53	$ 1.18
Diluted	$ .82	$ .62	$ 1.49	$ 1.13
Weighted average shares used in computing net income per common and common equivalent share:				
Basic	23,655	26,367	24,043	25,800
Diluted	24,327	27,426	24,705	27,022

The accompanying notes are an integral part of
these condensed consolidated financial statements.

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2003	2002
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 36,884	$ 30,443
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	3,553	2,927
Deferred income taxes	9,192	(7,600)
Changes in assets and liabilities:		
Accounts receivable	(7,407)	(4,338)
Prepaid expenses and other assets	2,903	1,058
Other assets	271	458
Accounts payable and accrued expenses	(3,202)	(6,455)
Income taxes	(8,657)	15,016
Net cash provided from operating activities	33,537	31,509
Cash flows from investing activities:		
Acquisition payments, net of cash acquired	(46,197)	(19,093)
Purchase of property and equipment	(2,340)	(2,926)
Net cash used in investing activities	(48,537)	(22,019)
Cash flows from financing activities:		
Borrowings on line of credit, net	17,000	—
Payments on capital lease obligations	(89)	(117)
Proceeds from issuance of common stock	11,217	27,799
Purchase of treasury stock	(74,769)	—
Net cash (used in) provided from financing activities	(46,641)	27,682
Net (decrease) increase in cash and cash equivalents	(61,641)	37,172
Cash and cash equivalents at beginning of period	73,195	27,557
Cash and cash equivalents at end of period	$ 11,554	$ 64,729

The accompanying notes are an integral part of
these condensed consolidated financial statements.

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2003
(Unaudited)

1. Basis of Presentation:

The accompanying unaudited condensed consolidated financial statements of Pediatrix Medical Group, Inc. and the notes thereto presented in this Quarterly Report have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission applicable to interim financial statements, and do not include all disclosures required by accounting principles generally accepted in the United States of America 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 financial statements include all the accounts of Pediatrix Medical Group, Inc., and its subsidiaries combined with the accounts of the professional associations, corporations and partnerships (the "PA Contractors") with which Pediatrix Medical Group, Inc. or one of its subsidiaries currently has specific management arrangements. The terms "Pediatrix" and the "Company" refer collectively to Pediatrix Medical Group, Inc., its subsidiaries and the PA Contractors.

The consolidated results of operations for the interim periods presented in this Quarterly Report are not necessarily indicative of the results to be experienced for the entire fiscal year. The accompanying unaudited condensed consolidated financial statements and the notes thereto should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission.

2. Summary of Significant Accounting Policies:

Stock Options

The Company accounts for stock-based compensation to employees using the intrinsic value method as prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no compensation expense for stock options issued to employees is reflected in the condensed consolidated statements of income, because the market value of the Company's stock equals the exercise price on the day options are granted.

Had compensation expense been determined based on the fair value accounting provisions of Statement of Financial Accounting Standards No. 123 ("FAS 123"), "Accounting for Stock-Based Compensation," the Company's net income and net income per share would have been reduced to the pro forma amounts below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(in thousands, except per share data)			
Net income, as reported	$19,885	$16,967	$36,884	$30,443
Deduct: Total stock-based employee compensation expense determined under fair value accounting rules, net of related tax effect	(1,874)	(1,308)	(4,562)	(2,896)
Pro forma net income	$18,011	$15,659	$32,322	$27,547
Net income per share:				
As reported:				
Basic	$ .84	$ .64	$ 1.53	$ 1.18
Diluted	$ .82	$ .62	$ 1.49	$ 1.13
Pro forma:				
Basic	$ .74	$ .57	$ 1.31	$ 1.02
Diluted	$ .73	$ .55	$ 1.29	$ .99

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

2. Summary of Significant Accounting Policies, Continued:

The fair value of each option or share to be issued is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in the three months ended June 30, 2003 and 2002: dividend yield of 0% for all years; expected volatility of 63% and 60%, respectively, and risk-free interest rates of 2.8% and 4.8%, respectively, for options with expected lives of five years (officers and physicians of the Company). A 3.8% risk-free interest rate assumption is used for options with expected lives of three years (all other employees of the Company) granted in the three months ended June 30, 2002. No options with an expected life of three years were granted in the three months ended June 30, 2003. Weighted average assumptions used for grants in the six months ended June 30, 2003 and 2002 are: dividend yield of 0% for all years; expected volatility of 63% and 60%, respectively, and risk-free interest rates of 2.9% and 4.7%, respectively, for options with expected lives of five years (officers and physicians of the Company) and 2.1% and 3.8%, respectively, for options with expected lives of three years (all other employees of the Company).

Accounting Pronouncements

In November 2002, FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others an Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34," was issued. This statement elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of the interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002 and the disclosure requirements are effective for interim and annual periods ending after December 15, 2002. The adoption of FIN 45 did not have a material impact on the Company's financial position or results of operations for the three and six months ended June 30, 2003.

In January 2003, FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51," was issued. FIN 46 addresses consolidation by business enterprises of variable interest entities. The provisions of FIN 46 apply immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The Company has lease arrangements with two entities that may be considered variable interest entities under FIN 46. The Company is currently evaluating whether these two entities will be subject to consolidation under the provisions of FIN 46. As of June 30, 2003, property and equipment related to these entities was approximately $15.9 million with associated liabilities of the same amount.

3. Business Acquisitions:

The Company completed the acquisition of an independent laboratory specializing in newborn metabolic screening and two physician group practices during the six months ended June 30, 2003. Total consideration for the acquisitions, net of cash acquired, was approximately $46.0 million in cash. In connection with the acquisitions, the Company recorded assets totaling $7.8 million, assumed liabilities of approximately $927,000 and recorded goodwill of approximately $37.3 million. The Company has accounted for the acquisitions using the purchase method of accounting. The results of operations of the acquired practices have been included in the Company's consolidated financial statements from the dates of acquisition.

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

3. Business Acquisitions, Continued:

The following unaudited pro forma information combines the consolidated results of operations of the Company and the Company's 2002 and 2003 acquisitions, as if the transactions had occurred on January 1, 2002:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(in thousands, except for per share data)		(in thousands, except for per share data)	
Net patient service revenue	$135,755	$121,378	$265,598	$235,245
Net income	20,165	17,390	37,743	31,293
Net income per share:				
Basic	.85	.66	1.57	1.21
Diluted	.83	.63	1.53	1.16

4. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following:

	June 30, 2003	December 31, 2002
	(in thousands)	
Accounts payable	$ 9,280	$10,131
Accrued salaries and bonuses	26,504	35,377
Accrued payroll taxes and benefits	9,614	10,364
Accrued professional liability coverage	18,173	14,607
Other accrued expenses	9,786	5,921
	$73,357	$76,400

5. Net Income Per Share:

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the applicable period. Diluted net income per share is calculated by dividing net income by the weighted average number of common and potential common shares outstanding during the applicable period. Potential common shares consist of the dilutive effect of convertible notes calculated using the if-converted method and outstanding options calculated using the treasury stock method. The calculation of diluted net income per share excludes the after-tax impact of interest expense related to convertible subordinated notes.

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

5. Net Income Per Share, Continued:

The calculation of basic and diluted net income per share for the three and six months ended June 30, 2003 and 2002 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(in thousands, except for per share data)			
Basic:				
Net income applicable to common stock	$19,885	$16,967	$36,884	$30,443
Weighted average number of common shares outstanding	23,655	26,367	24,043	25,800
Basic net income per share	$ .84	$ .64	$ 1.53	$ 1.18
Diluted:				
Net income	$19,885	$16,967	$36,884	$30,443
Interest expense on convertible subordinated debt, net of tax	7	8	13	16
Net income applicable to common stock	$19,892	$16,975	$36,897	$30,459
Weighted average number of common shares outstanding	23,655	26,367	24,043	25,800
Weighted average number of dilutive common stock equivalents	642	1,024	632	1,187
Dilutive effect of convertible subordinated debt	30	35	30	35
Weighted average number of common and common equivalent shares outstanding	24,327	27,426	24,705	27,022
Diluted net income per share	$ .82	$ .62	$ 1.49	$ 1.13

6. Common Stock Repurchase Program:

In November 2002, the Company's Board of Directors approved a common stock repurchase program (the "Repurchase Program"). Under this Repurchase Program, the Company was authorized to repurchase up to $50 million of its common stock in the open market, subject to market conditions and trading restrictions. The Company completed this repurchase during the three months ended March 31, 2003 by repurchasing approximately 1.6 million shares at a cost of approximately $50 million. In April 2003, the Company's Board of Directors authorized the repurchase of an additional $50 million of common stock. During the three months ended June 30, 2003, the Company repurchased approximately 730,000 shares at a cost of approximately $24.8 million.

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

7. Contingencies:

In June and July 2003, several purported federal securities law class actions were commenced against the Company, two of the Company's principal officers and the Company's Chairman of the Board in the United States District Court for the Southern District of Florida. The plaintiffs seek to represent all purchasers of the Company's common stock beginning on various dates in 2002 and ending on June 23, 2003, the date prior to the Company's announcement that it had been advised by a U.S. Attorney's Office that it is conducting an investigation with respect to the Company's Medicaid billing practices nationwide. The plaintiffs claim that the Company violated the antifraud provisions of the federal securities laws by issuing false and misleading statements concerning the Company's billing practices and results of operations. They are seeking unspecified damages and other relief. The Company believes the claims are without merit and intends to defend the cases vigorously. If the Company is unsuccessful in defending the claims, damages awarded could exceed the limits of the Company's insurance coverage and have a material adverse effect on the Company's business, financial condition, results of operations or the trading price of the Company's shares.

On June 6, 2002, the Company received a written request from the Federal Trade Commission ("FTC") to submit information on a voluntary basis in connection with an investigation of issues of competition related to the 2001 acquisition of Magella Healthcare Corporation and its business practices generally. On February 5, 2003, the Company received additional information requests from the FTC in the form of a Subpoena and Civil Investigative Demand. Pursuant to these requests, the FTC has requested documents and information relating to the acquisition and the Company's business practices in certain markets. The Company is cooperating fully with the FTC, but at this time cannot predict the outcome of the investigation and whether it will have a material adverse effect on the Company's business, financial condition, results of operations or the trading price of the Company's shares.

In April 1999, the Company received requests from federal investigators for information related to its billing practices for services reimbursed by the TRICARE program for military dependents. In June 2003, the Company was advised by a U.S. Attorney's Office that it is conducting a similar civil investigation with respect to the Company's Medicaid billing practices nationwide. These investigations are active and ongoing. The Company believes that additional audits, inquiries and investigations from government agencies will continue to occur in the ordinary course of its business. The Company cannot predict whether any such pending or future audits, inquiries or investigations will have a material adverse effect on the Company's business, financial condition, results of operations or the trading price of the Company's shares.

During the ordinary course of its business, the Company has become a party to pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice. Although these actions and proceedings are generally expected to be covered by insurance, there can be no assurance that the Company's medical malpractice insurance coverage will be adequate to cover liabilities arising out of medical malpractice claims if the outcomes of such claims are unfavorable to the Company. The Company believes, based upon its review of these pending matters, that the expected resolutions of such legal actions and proceedings will not have a material adverse effect on its business, financial condition, results of operations or the trading price of the Company's shares.

8. Subsequent Events:

Subsequent to June 30, 2003, the Company acquired two physician group practices for approximately $7.3 million in cash. The acquisitions will be accounted for by the Company using the purchase method of accounting.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion highlights the principal factors affecting our financial condition and results of operations, as well as our liquidity and capital resources for the periods described. This discussion should be read in conjunction with our unaudited condensed consolidated financial statements as of June 30, 2003, and for the three and six months ended June 30, 2003 and 2002, and the notes thereto, presented in this Quarterly Report, and Management's Discussion and Analysis of Financial Condition and Results of Operations (including the discussion of our critical accounting policies) and our consolidated financial statements and the notes thereto contained in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. The consolidated results of operations for the interim periods reported are not necessarily indicative of the results to be experienced for the entire fiscal year. As used herein, "us", "we" and "our" refer to Pediatrix Medical Group, Inc. and its subsidiaries and the professional associations, corporations and partnerships (the "PA Contractors") with which Pediatrix Medical Group, Inc. or one of its subsidiaries has specific management arrangements.

The matters discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical facts are forward-looking and are based on estimates, forecasts and assumptions involving risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. See "Caution Concerning Forward-Looking Statements" below.

Results of Operations

Three Months Ended June 30, 2003 as Compared to Three Months Ended June 30, 2002

Our net patient service revenue increased $17.5 million, or 15.0%, to $133.7 million for the three months ended June 30, 2003, as compared to $116.2 million for the same period in 2002. Of this $17.5 million increase, $4.9 million, or 28.0%, was primarily attributable to physician and newborn screening services which we provide as a result of acquisitions. Same unit patient service revenue increased $12.6 million, or 11.1%, for the three months ended June 30, 2003. The increase in same unit net patient service revenue was primarily the result of: (i) an increase in neonatal intensive care patient days of 7.0%; (ii) increased reimbursement for our services due to the changes in billing codes introduced by the American Medical Association in early 2003; (iii) price increases implemented on January 1, 2003; (iv) increased revenue from volume growth in perinatal services and other services including hearing screens and newborn nursery services provided in existing practices; and (v) improved managed care contracting. Same units are those units at which we provided services for the entire current period and the entire comparable period.

Practice salaries and benefits increased $10.5 million, or 16.1%, to $75.6 million for the three months ended June 30, 2003, as compared to $65.2 million for the same period in 2002. The increase was attributable to: (i) costs associated with new physicians and other staff to support new unit growth and volume growth at existing units; (ii) an increase in incentive compensation as a result of same unit growth and operational improvements at the physician practice level; and (iii) an increase in professional liability and group insurance costs.

Practice supplies and other operating expenses increased $764,000, or 19.3%, to $4.7 million for the three months ended June 30, 2003, as compared to $4.0 million for the same period in 2002. The increase was attributable to new units at which we provide services as a result of acquisitions and our recent acquisition of a metabolic screening laboratory.

General and administrative expenses include all salaries, benefits, supplies and other operating expenses not specifically related to the day-to-day operations of our physician group practices, including billing and collection functions. General and administrative expenses increased $1.3 million, or 7.1%, to $19.0 million for the three months ended June 30, 2003, as compared to $17.7 million for the same period in 2002. This $1.3 million increase was primarily due to salaries and benefits as a result of the continued growth of the Company and increased group health insurance costs.

Depreciation and amortization expense increased by $440,000, or 30.1%, to $1.9 million for the three months ended June 30, 2003, as compared to $1.5 million for the same period in 2002. This $440,000 increase is attributable to: (i) the purchase of computer hardware and software, furniture, equipment and improvements at our corporate headquarters and our regional offices, and (ii) amortization of identifiable intangible assets related to our acquisitions.

Income from operations increased $4.5 million, or 16.3%, to $32.4 million for the three months ended June 30, 2003, as compared to $27.9 million for the same period in 2002. Our operating margin increased 0.3 percentage points to 24.3% for the three months ended June 30, 2003, as compared to 24.0% for the same period in 2002. The increase in operating margin is directly attributable to a reduction in general and administrative expenses as a percent of revenue.

We recorded net interest expense of $354,000 for the three months ended June 30, 2003, as compared to net interest expense of $65,000 for the same period in 2002. The increase in net interest expense is primarily due to the use of cash on hand and borrowings under our line of credit for acquisitions and to repurchase our common stock.

Our effective income tax rates were 38.0% and 39.0% for the three months ended June 30, 2003 and 2002, respectively.

Net income increased to $19.9 million for the three months ended June 30, 2003, as compared to $17.0 million for the same period in 2002.

Diluted net income per common and common equivalent share was $0.82 on weighted average shares of 24.3 million for the three months ended June 30, 2003, as compared to $0.62 on the weighted average shares of 27.4 million for the same period in 2002. The net decrease in weighted average shares outstanding was due to the weighted average impact of approximately 3.6 million shares purchased under our repurchase program, offset in part by an increase in outstanding shares due to stock option exercises and shares issued under our employee stock purchase plans.

Six Months Ended June 30, 2003 as Compared to Six Months Ended June 30, 2002

Our net patient service revenue increased $36.4 million, or 16.3%, to $259.9 million for the six months ended June 30, 2003, as compared to $223.5 million for the same period in 2002. Of this $36.4 million increase, $9.0 million, or 24.7%, was primarily attributable to physician and newborn screening services which we provide as a result of acquisitions. Same unit patient service revenue increased $27.4 million, or 12.5%, for the six months ended June 30, 2003. The increase in same unit net patient service revenue was primarily the result of: (i) an increase in neonatal intensive care patient days of 6.3%; (ii) increased reimbursement for our services due to the changes in billing codes introduced by the American Medical Association in early 2003; (iii) increased revenue from volume growth in perinatal services and other services including hearing screens and newborn nursery services provided in existing practices; (iv) price increases implemented on January 1, 2003; and (v) improved managed care contracting. Same units are those units at which we provided services for the entire current period and the entire comparable period.

Practice salaries and benefits increased $22.5 million, or 17.7%, to $150.3 million for the six months ended June 30, 2003, as compared to $127.7 million for the same period in 2002. The increase was attributable to: (i) costs associated with new physicians and other staff to support new unit growth and volume growth at existing units; (ii) an increase in incentive compensation as a result of same unit growth and operational improvements at the physician practice level; (iii) an increase in professional liability and group insurance costs; and (iv) an increase in payroll taxes related to increased incentive compensation payouts.

Practice supplies and other operating expenses increased $1.4 million, or 18.0%, to $8.8 million for the six months ended June 30, 2003, as compared with $7.4 million for the same period in 2002. The increase was attributable to new units at which we provide services as a result of acquisitions and our recent acquisition of a metabolic screening laboratory.

General and administrative expenses include all salaries, benefits, supplies and other operating expenses not specifically related to the day-to-day operations of our physician group practices, including billing and collection functions. General and administrative expenses increased $2.0 million, or 5.6%, to $37.3 million for the six months ended June 30, 2003, as compared to $35.3 million for the same period in 2002. This $2.0 million increase was primarily due to salaries and benefits as a result of the continued growth of the Company and increased group health insurance costs. General and administrative expenses for the six months ended June 30, 2002 include settlement costs of $1.3 million related to a Colorado Medicaid investigation.

Depreciation and amortization expense increased by $626,000, or 21.4%, to $3.6 million for the six months ended June 30, 2003, as compared to $2.9 million for the same period in 2002. This $626,000 increase is attributable to: (i) the purchase of computer hardware and software, furniture, equipment and improvements at our corporate headquarters and our regional offices, and (ii) amortization of identifiable intangible assets related to our acquisitions.

Income from operations increased $9.9 million, or 19.7%, to $60.0 million for the six months ended June 30, 2003, as compared with $50.1 million for the same period in 2002. Our operating margin increased 0.7 percentage points to 23.1% for the six months ended June 30, 2003, as compared to 22.4% for the same period in 2002. The increase in operating margin is directly attributable to a reduction in general and administrative expenses as a percent of revenue.

We recorded net interest expense of $505,000 for the six months ended June 30, 2003, as compared with net interest expense of $195,000 for the same period in 2002. The increase in net interest expense is primarily due to the use of cash on hand and borrowings under our line of credit for acquisitions and to repurchase our common stock.

Our effective income tax rates were 38.0% and 39.0% for the six months ended June 30, 2003 and 2002, respectively.

Net income increased to $36.9 million for the six months ended June 30, 2003, as compared to $30.4 million for the same period in 2002.

Diluted net income per common and common equivalent share was $1.49 on weighted average shares of 24.7 million for the six months ended June 30, 2003, as compared to $1.13 on the weighted average shares of 27.0 million for the same period in 2002. The net decrease in weighted average shares outstanding was due to the weighted average impact of approximately 3.1 million shares purchased under our repurchase program, offset in part by an increase in outstanding shares due to stock option exercises and shares issued under our employee stock purchase plans.

Liquidity and Capital Resources

As of June 30, 2003, we had approximately $11.6 million of cash and cash equivalents on hand as compared to $73.2 million at December 31, 2002. For the six months ended June 30, 2003, the Company generated cash flow from operations of $33.5 million. Additionally, we had working capital of approximately $32.2 million at June 30, 2003, a decrease of $47.4 million from working capital of $79.6 million at December 31, 2002. The decrease in working capital is primarily due to the use of cash for acquisitions and the repurchase of common stock (as more fully discussed below) offset by cash generated by operations.

In November 2002, our Board of Directors approved a common stock repurchase program (the “Repurchase Program”). Under our Repurchase Program, we were authorized to repurchase up to $50 million of our common stock in the open market, subject to market conditions and trading restrictions. During the three months ended March 31, 2003, we repurchased approximately 1.6 million shares at a cost of approximately $50 million under the Repurchase Program. In April 2003, our Board of Directors authorized an increase in the Repurchase Program for an additional $50 million. Under the additional authorization we repurchased approximately 730,000 shares of our common stock at a cost of approximately $24.8 million during the three months ended June 30, 2003. We completed this repurchase in July 2003 by repurchasing an additional 640,000 shares at a cost of approximately $25.2 million.

The Company currently has a line of credit in the amount of $100 million which matures August 14, 2004 (the “Line of Credit”). At our option, the Line of Credit bears interest at either the prime rate or the Eurodollar rate plus an applicable margin rate ranging from 2% to 2.75%. The Line of Credit is collateralized by substantially all of our assets. We are subject to certain financial covenants and restrictions specified in our Line of Credit, including covenants that require us to maintain a minimum level of net worth and earnings and a restriction on the payment of dividends and certain other distributions, as specified therein. At June 30, 2003, we were in compliance with such financial covenants and restrictions. The outstanding balance under our Line of Credit at June 30, 2003 was $17.0 million. We had no outstanding balance under our Line of Credit at December 31, 2002.

We maintain professional liability coverage that indemnifies us and our health care professionals on a claims-made basis for losses incurred related to medical malpractice litigation with a portion of self insurance retention. We record a liability for self-insured deductibles and an estimated liability for malpractice claims incurred but not reported based on an actuarial valuation. Effective May 1, 2003, we obtained professional liability coverage that expires April 30, 2004 with terms substantially similar to our previous policy. Such coverage includes an increase in premium costs as compared to our prior policies.

Our annual capital expenditures have typically been for computer hardware and software, furniture, equipment and improvements at the corporate headquarters and our regional offices. During the six months ended June 30, 2003, capital expenditures amounted to approximately $2.3 million.

We anticipate that funds generated from operations, together with cash on hand, and funds available under our Line of Credit, will be sufficient to meet our working capital requirements, finance our required capital expenditures and meet our contractual obligations for at least the next 12 months.

Caution Concerning Forward-Looking Statements

Certain information included or incorporated by reference in this Quarterly Report may be deemed to be “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such 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. Such statements are often characterized by terminology such as “believe,” “hope,” “may,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy” and similar expressions. These statements are based on assumptions and assessments made by our 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 Quarterly Report are made as of the date hereof. We disclaim any 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 that could cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements.

Some of the factors that may cause actual results, developments and business decisions to differ materially from those projected or anticipated by such forward-looking statements, as more fully discussed under the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, include pending and future investigations by federal and state government authorities of our billing or other practices (including the previously disclosed investigation by a U.S. Attorney’s Office regarding our Medicaid billing practices nationwide and an investigation by the Federal Trade Commission); unfavorable regulatory or other changes or conditions in geographic areas where our operations are concentrated; determinations that we failed to comply with applicable health care laws and regulations; limitations, reductions or retroactive adjustments to reimbursement amounts or rates by government-sponsored health care programs; audits by third party payors with respect to our billings for services; failure of physicians affiliated with us to appropriately record and document the services that they provide; our failure to find suitable acquisition candidates or successfully integrate any future or recent acquisitions; our failure to successfully implement our strategy of diversifying our operations; impairment of long-lived assets, such as goodwill; federal and state health care reform, including changes in the interpretation of government-sponsored health care programs; our failure to successfully recruit additional and retain existing qualified physicians; pending and future malpractice and other lawsuits (including the previously disclosed shareholder class action lawsuits); our failure to manage growth effectively and to maintain effective and efficient information systems; our failure to collect reimbursements from third party payors in a timely manner; cancellation or non-renewal of our arrangements with hospitals, or renewal of such arrangements on less favorable terms; loss of our affiliated physicians’ privileges or ability to provide services in hospitals, or hospitals entering into arrangements with physicians not affiliated with us; and increased competition in the health care industry.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Our Line of Credit and certain operating lease agreements are subject to market risk and interest rate changes. The total amount available under our Line of Credit is $100 million. At our option, the Line of Credit bears interest at either the prime rate or the Eurodollar rate plus an applicable margin rate ranging from 2% to 2.75%. The leases bear interest at LIBOR-based variable rates. The outstanding principal balance on the Line of Credit was $17.0 million at June 30, 2003. The outstanding balances related to the operating leases totaled approximately $15.9 million at June 30, 2003. Considering the total outstanding balances under these instruments at June 30, 2003 of approximately $32.9 million, a 1% change in interest rates would result in an impact to pre-tax earnings of approximately $329,000 per year.

Item 4. Disclosure Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any significant actions regarding any deficiencies.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

In June and July 2003, several purported federal securities law class actions were commenced against us, two of our principal officers and our Chairman of the Board in the United States District Court for the Southern District of Florida. The plaintiffs seek to represent all purchasers of our common stock beginning on various dates in 2002 and ending on June 23, 2003, the date prior to our announcement that we had been advised by a U.S. Attorney's Office that it is conducting an investigation with respect to our Medicaid billing practices nationwide. The plaintiffs claim that we violated the antifraud provisions of the federal securities laws by issuing false and misleading statements concerning our billing practices and results of operations. They are seeking unspecified damages and other relief. We believe the claims are without merit and intend to defend the cases vigorously. If we are unsuccessful in defending the claims, damages awarded could exceed the limits of our insurance coverage and have a material adverse effect on our business, financial condition, results of operations or the trading price of our shares.

On June 6, 2002, we received a written request from the Federal Trade Commission ("FTC") to submit information on a voluntary basis in connection with an investigation of issues of competition related to the 2001 acquisition of Magella Healthcare Corporation and our business practices generally. On February 5, 2003, we received additional information requests from the FTC in the form of a Subpoena and Civil Investigative Demand. Pursuant to these requests, the FTC has requested documents and information relating to the acquisition and our business practices in certain markets. We are cooperating fully with the FTC, but at this time cannot predict the outcome of the investigation and whether it will have a material adverse effect on our business, financial condition, results of operations or the trading price of our shares.

In April 1999, we received requests from federal investigators for information related to our billing practices for services reimbursed by the TRICARE program for military dependents. In June 2003, we were advised by a U.S. Attorney's Office that it is conducting a similar civil investigation with respect to our Medicaid billing practices nationwide. These investigations are active and ongoing. We believe that additional audits, inquiries and investigations from government agencies will continue to occur in the ordinary course of our business. We cannot predict whether any such pending or future audits, inquiries or investigations will have a material adverse effect on our business, financial condition, results of operations or the trading price of our shares.

During the ordinary course of our business, we have become a party to pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice. Although these actions and proceedings are generally expected to be covered by insurance, there can be no assurance that our medical malpractice insurance coverage will be adequate to cover liabilities arising out of medical malpractice claims if the outcomes of such claims are unfavorable to us. We believe, based upon our review of these pending matters, that the expected resolutions of such legal actions and proceedings will not have a material adverse effect on our business, financial condition, results of operations or the trading price of our shares.

PEDIATRIX MEDICAL GROUP, INC.

PART II — OTHER INFORMATION — (Continued)

Item 4. Submission of Matters to a Vote of Security-Holders.

At the Company's Annual Meeting of Shareholders on June 4, 2003, the shareholders voted on and elected the following directors:

Name	For	Against or Withheld	Abstained	Broker Non-Vote
Cesar L. Alvarez	17,396,984	7,194,343	0	0
Waldemar A. Carlo, M.D.	16,898,203	7,693,124	0	0
John K. Carlyle	17,510,462	7,080,865	0	0
Michael B. Fernandez	17,573,684	7,017,643	0	0
Roger K. Freeman, M.D.	18,295,625	6,295,702	0	0
Paul G. Gabos	18,297,504	6,293,823	0	0
Roger J. Medel, M.D.	18,297,825	6,293,502	0	0

PEDIATRIX MEDICAL GROUP, INC.

PART II — OTHER INFORMATION — (Continued)

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

See Exhibit Index.

(b) Reports on Form 8-K.

Form 8-K, filed and dated May 6, 2003, reporting Item 9 (Regulation FD Disclosure of Results of Operations and Financial Condition) related to a press release reporting earnings for the first quarter ended March 31, 2003.

Form 8-K, filed and dated May 14, 2003, reporting Item 5 (Other Events) related to the acquisition of Neo Gen Screening, Inc.

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: August 11, 2003

By: /s/ Roger J. Medel, M.D.

Roger J. Medel, M.D., President and Chief Executive Officer (principal executive officer)

Date: August 11, 2003

By: /s/ Karl B. Wagner

Karl B. Wagner, Chief Financial Officer (principal financial officer)

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Pediatrix Medical Group, Inc., (incorporated by reference to Exhibit 3.1 to Pediatrix's Registration Statement on Form S-1 (Registration No. 33-95086)).
3.2	Amendment and Restated Bylaws of Pediatrix Medical Group, Inc., (incorporated by reference to Exhibit 3.2 to Pediatrix's Quarterly Report on Form 10-Q for the period ended June 30, 2000).
3.3	Articles of Designation of Series A Junior Participating Preferred Stock (incorporated by reference to Exhibit 3.1 to Pediatrix's current report on Form 8-K dated March 31, 1999).
4.1	Rights Agreement, dated as of March 31, 1999, between Pediatrix Medical Group, Inc., and BankBoston, N.A., as rights agent including the form of Articles of Designations of Series A Junior Participating Preferred Stock and the form of Rights Certificate (incorporated by reference to Exhibit 4.1 to Pediatrix's current report on Form 8-K dated March 31, 1999).
10.1	Amendment No. 4 to Amended and Restated Credit Agreement, dated as of April 21, 2003, among Pediatrix Medical Group, Inc., certain professional contractors, Fleet National Bank, U.S. Bank National Association, and HSBC Bank USA (incorporated by reference to Exhibit 10.24 to Pediatrix's Quarterly Report on Form 10-Q for the period ended March 31, 2003).
10.2+	Amendment No. 5 to Amended and Restated Credit Agreement, dated as of May 13, 2003, among Pediatrix Medical Group, Inc., certain professional contractors, Fleet National Bank, U.S. Bank National Association, and HSBC Bank USA.
10.3+	Separation and Severance Agreement dated as of May 30, 2003, by and between Brian T. Gillon and Pediatrix Medical Group, Inc.
10.4+	Consulting Services Agreement, dated as of May 30, 2003, by and between Pediatrix Medical Group, Inc. and Brian T. Gillon.
10.5+	Pediatrix Medical Group, Inc.'s Amended and Restated Stock Option Plan dated as of June 4, 2003.
31.1+	Certification of Chief Executive Officer, Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer, Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

+ Filed herewith.

Exhibit 10.2

PEDIATRIX MEDICAL GROUP

AMENDED AND RESTATED CREDIT AGREEMENT

Originally Dated as of June 27, 1996
As Amended and Restated as of November 1, 2000
As Amended and Restated as of August 14, 2001

CONSENT AND AMENDMENT NO. 5

Dated as of May 13, 2003

FLEET NATIONAL BANK, Agent and Lender
U.S. bank national association, Syndication Agent and Lender
HSBC BANK USA, Documentation Agent and Lender

CONSENT AND AMENDMENT NO. 5

TO AMENDED AND RESTATED CREDIT AGREEMENT

This agreement, dated as of May 13, 2003 (this "CONSENT AND AMENDMENT"), is among Pediatrix Medical Group, Inc., a Florida corporation, the Material Related Entities of Pediatrix Medical Group, Inc. from time to time party hereto, and the Lenders from time to time party hereto including Fleet National Bank, both in its capacity as a Lender and in its capacity as an Agent, U.S. Bank National Association, formerly known as Firstar Bank N.A., both in its capacity as a Lender and in its capacity as Syndication Agent, and HSBC Bank USA, both in its capacity as a Lender and in its capacity as Documentation Agent. The parties agree as follows:

CREDIT AGREEMENT; DEFINITIONS. This Consent and Amendment is granted in connection with and amends the Credit Agreement originally dated as of June 27, 1996, as amended and restated as of November 1, 2000 and as further amended and restated as of August 14, 2001 among the parties hereto (as in effect prior to giving effect to this Consent and Amendment, the "CREDIT AGREEMENT"). Terms defined in the Credit Agreement as amended hereby (the "AMENDED CREDIT AGREEMENT") and not otherwise defined herein are used with the meaning so defined.

CONSENT. The Company has stated its desire to acquire, through a wholly-owned subsidiary, 100% of the capital stock of Neo Gen Screening, Inc., a Pennsylvania corporation (the "Corporation"), and 100% of the outstanding partnership interests of Neo Gen Screening, L.P., a Pennsylvania limited partnership (the "Partnership", and together with the Corporation, "Neo Gen Screening"), pursuant to a Letter of Intent dated May 2, 2003, copies of which have been forwarded to each of the Lenders (the "Neo Gen Acquisition"). Notwithstanding the requirements of Section 6.9.4 of the Credit Agreement, the Required Lenders hereby consent to the Neo Gen Acquisition for a total Purchase Price that shall not exceed $34 million of cash consideration.

AMENDMENT OF CREDIT AGREEMENT. Effective upon the date all the conditions set forth in Section 5 hereof are satisfied (the "AMENDMENT DATE"), which conditions must be satisfied no later than the date provided therein, the Credit Agreement is amended as follows:

AMENDMENT OF SECTION 6.2.1. Section 6.2.1 of the Credit Agreement is amended to read in its entirety as follows:

> "6.2.1 TYPES OF BUSINESS. The Borrowers shall engage only in the business of (a) pediatric, neonatal and perinatal services and related services; and (b) screening newborns and young children for genetic disorders."

REPRESENTATIONS AND WARRANTIES. Each of the Obligors jointly and severally represents and warrants as follows: LEGAL EXISTENCE, ORGANIZATION. Each of the Obligors is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization, with all power and authority, corporate, limited liability company, partnership or otherwise, necessary (a) to enter into and perform this Consent and Amendment and the Amended Credit Agreement and (b) to own its properties and carry on the business now conducted or proposed to be conducted by it. Each of the Obligors has taken all corporate, limited liability company, partnership or other action required to make the provisions of this Consent and Amendment and the Amended Credit Agreement the valid and enforceable obligations they purport to be.

ENFORCEABILITY. Each of the Obligors has duly authorized, executed and delivered this Consent and Amendment. Each of this Consent and Amendment and the Amended Credit Agreement is the legal, valid and binding obligation of each of the Obligors and is enforceable against the Obligors in accordance with its terms.

NO LEGAL OBSTACLE TO AGREEMENTS. Neither the execution, delivery or performance of this Consent and Amendment, nor the performance of the Amended Credit Agreement, nor the consummation of any other transaction referred to or contemplated by this Consent and Amendment, nor the fulfillment of the terms hereof or thereof, has constituted or resulted in or will constitute or result in:

> any breach or termination of any agreement, instrument, deed or lease to which any Obligor is a party or by which it is bound, or of the Charter or By-laws of any Obligor;

the violation of any law, judgment, decree or governmental order, rule or regulation applicable to any Obligor;

the creation under any agreement, instrument, deed or lease of any Lien (other than Liens on the Credit Security which secure the Credit Obligations) upon any of the assets of the Obligors; or

any redemption, retirement or other repurchase obligation of any Obligor under any Charter, By-law, agreement, instrument, deed or lease.

No approval, authorization or other action by, or declaration to or filing with, any governmental or administrative authority or any other Person is required to be obtained or made by the Obligors in connection with the execution, delivery and performance of this Consent and Amendment or the performance of the Amended Credit Agreement, or the consummation of the transactions contemplated hereby or thereby.

DEFAULTS. Immediately before and after giving effect to the consent set forth in Section 2 hereof and the amendment set forth in Section 3 hereof, no Default will exist.

INCORPORATION OF REPRESENTATIONS AND WARRANTIES. The representations and warranties set forth in Section 7 of the Amended Credit Agreement are true and correct on the date hereof as if originally made on and as of the date hereof.

COMPLIANCE WITH REGULATIONS. The Obligors are in compliance in all material respects with all applicable Legal Requirements, including without limitation the Clinical Laboratory Improvement Amendments of 1988 (CLIA).

CONDITIONS. The effectiveness of this Consent and Amendment shall be subject to the satisfaction of the following conditions that must be satisfied contemporaneously or immediately after the Neo Gen Acquisition or this Consent and Amendment shall terminate:

TRANSACTION DOCUMENTS. Agent shall have received copies of all material transaction documents related to the Neo Gen Acquisition and they shall be reasonably satisfactory to Agent.

OTHER DOCUMENTS. Pursuant to Section 6.9.4(g) of the Credit Agreement, Agent shall have received either (a) a Revolving Note for each Lender and a Joinder Agreement to the Credit Agreement and each other Credit Document in the form of Exhibit 6.9.4, each executed by the Corporation and the Partnership; or (b) a certificate of a Financial Officer of the Company to the effect that a merger was consummated between the Corporation and the Partnership and an existing Borrower.

PLEDGE OF STOCK. If the Agent is provided with the documents referenced in Section 5.2(a) of this Consent and Amendment, the Company and other Guarantors pledge the stock (but not more than 66% of the voting stock of a Foreign Subsidiary) of the Corporation.

NON-CONTEMPORANEOUS CONDITIONS. The effectiveness of this Consent and Amendment shall also be subject to the satisfaction of the following condition, which must be satisfied within five days of the closing of the Neo Gen Acquisition: DOCUMENTS REGARDING SECURITY INTEREST. Agent shall have received such financing statements, mortgages and other documentation as the Agent shall request to attach a security interest to the assets of Neo Gen Screening and to perfect such security interest.

FURTHER ASSURANCES. Each of the Obligors will, promptly upon the request of the Agent from time to time, execute, acknowledge, deliver, file and record all such instruments and notices, and take all such other action, as the Agent deems necessary or advisable to carry out the intent and purposes of this Consent and Amendment.

GENERAL. The Amended Credit Agreement and all of the Credit Documents are each confirmed as being in full force and effect. This Consent and Amendment, the Amended Credit Agreement, the Assignment and the other Credit Documents referred to herein or therein constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior and current understandings and agreements, whether written or

oral. Each of this Consent and Amendment and the Amended Credit Agreement is a Credit Document and may be executed in any number of counterparts, which together shall constitute one instrument, and shall bind and inure to the benefit of the parties and their respective successors and assigns, including as such successors and assigns all holders of any Credit Obligation. This Consent and Amendment shall be governed by and construed in accordance with the laws (other than the conflict of law rules) of The Commonwealth of Massachusetts.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Consent and Amendment (or caused this Consent and Amendment to be executed on its behalf by its officer or representative thereunto duly authorized) under seal as of the date first written above.

PEDIATRIX MEDICAL GROUP, INC. (Florida)

By: /s/ KARL B. WAGNER

Karl B. Wagner, Chief Financial Officer

ALASKA NEONATOLOGY ASSOCIATES, INC.
AUGUSTA NEONATOLOGY ASSOCIATES, P.C.
DES MOINES PERINATAL CENTER, P.C.
FOOTHILL MEDICAL GROUP, INC.
FORT WORTH NEONATAL ASSOCIATES, P.A.
OBSTETRIX MEDICAL GROUP OF CALIFORNIA, A PROFESSIONAL CORPORATION
MAGELLA HEALTHCARE GROUP, L.P.
MAGELLA MEDICAL ASSOCIATES, P.A.
MAGELLA MEDICAL ASSOCIATES OF GEORGIA, P.C.
MAGELLA MEDICAL ASSOCIATES MIDWEST, P.C.
MAGELLA MEDICAL GROUP, INC. (d/b/a MAGELLA MEDICAL GROUP, A MEDICAL CORPORATION)
MAGELLA NEVADA, LLC
MAGELLA TEXAS, LLC
MARCIA J. PERNOLL, M.D. PROF. CORP. d/b/a OBSTETRIX MEDICAL GROUP OF NEVADA, LTD.
MOUNTAIN STATES NEONATOLOGY, INC.
NEONATAL AND PEDIATRIC INTENSIVE CARE MEDICAL GROUP, INC.
NEONATOLOGY ASSOCIATES, P.A.
NEONATOLOGY-CARDIOLOGY ASSOCIATES, P.A.
NEWBORN SPECIALISTS, P.C.
OBSTETRIX MEDICAL GROUP OF COLORADO, P.C.
OBSTETRIX MEDICAL GROUP OF KANSAS AND MISSOURI, P.A.
OBSTETRIX MEDICAL GROUP OF TEXAS, P.A.
OZARK NEONATAL ASSOCIATES, INC.

By: /s/ KARL B. WAGNER

Karl B. Wagner, Attorney-in-Fact

PEDIATRIX MEDICAL GROUP OF ARKANSAS, P.A.
PEDIATRIX MEDICAL GROUP OF CALIFORNIA, A
PROFESSIONAL CORPORATION
PEDIATRIX MEDICAL GROUP OF COLORADO, P.C.
PEDIATRIX MEDICAL GROUP OF GEORGIA, P.C.
PEDIATRIX MEDICAL GROUP OF INDIANA, P.C.
PEDIATRIX MEDICAL GROUP OF KANSAS, P.A.
PEDIATRIX MEDICAL GROUP OF MISSOURI, P.C.
PEDIATRIX MEDICAL GROUP OF OKLAHOMA, P.C.
PEDIATRIX MEDICAL GROUP OF PENNSYLVANIA, P.C.
PEDIATRIX MEDICAL GROUP OF PUERTO RICO, P.S.C.
PEDIATRIX MEDICAL GROUP OF TEXAS, P.A.
PEDIATRIX MEDICAL GROUP NEONATOLOGY AND
PEDIATRIC INTENSIVE CARE SPECIALISTS
OF NEW YORK, P.C.
PEDIATRIX MEDICAL GROUP
PEDIATRIX OF MARYLAND, P.A.
PERINATAL PEDIATRICS, P.A.
PERNOLL MEDICAL GROUP OF NEVADA, LTD.
d/b/a PEDIATRIX MEDICAL GROUP OF NEVADA
SAVANNAH NEONATOLOGY, INC.
ST. JOSEPH NEONATOLOGY CONSULTANTS, P.A.
TEXAS MATERNAL FETAL MEDICINE, P.A.

By: /s/ KARL B. WAGNER

Karl B. Wagner, Attorney-in-Fact

PEDIATRIX MEDICAL GROUP OF OHIO CORP.

By: /s/ KARL B. WAGNER

Karl B. Wagner, Secretary

ASSOCIATES IN NEONATOLOGY, INC.
BNA ACQUISITION COMPANY, INC.
CENTRAL OKLAHOMA NEONATOLOGY
ASSOCIATES, INC.
FLORIDA REGIONAL NEONATAL ASSOCIATES, P.A.
GNPA ACQUISITION COMPANY, INC.
MAGELLA HEALTHCARE CORPORATION
MNPC ACQUISITION COMPANY, INC.
NACF ACQUISITION COMPANY, INC.
NEONATAL SPECIALISTS, LTD.
NSPA ACQUISITION COMPANY, INC.
OBSTETRIX MEDICAL GROUP OF ARIZONA, P.C.
OBSTETRIX MEDICAL GROUP OF DELAWARE, INC.
OBSTETRIX MEDICAL GROUP OF PENNSYLVANIA, P.C.
OBSTETRIX MEDICAL GROUP OF PHOENIX, P.C.
OBSTETRIX MEDICAL GROUP OF
WASHINGTON, INC., P.S.
OBSTETRIX MEDICAL GROUP, INC.
PALM BEACH NEO ACQUISITIONS, INC.
PASCV ACQUISITION COMPANY, INC.
PEDIATRIX MEDICAL GROUP OF DELAWARE, INC.
PEDIATRIX MEDICAL GROUP OF FLORIDA, INC.
PEDIATRIX MEDICAL GROUP OF NEW MEXICO, P.C.
PEDIATRIX MEDICAL GROUP OF SOUTH CAROLINA, P.A.
PEDIATRIX MEDICAL GROUP OF TENNESSEE, P.C.
PEDIATRIX MEDICAL GROUP OF WASHINGTON, INC., P.S.
PEDIATRIX MEDICAL GROUP, INC. (Utah)
PEDIATRIX MEDICAL GROUP, P.A.
PEDIATRIX MEDICAL GROUP, P.C. (Virginia)
PEDIATRIX MEDICAL GROUP, P.C. (West Virginia)
PMG ACQUISITION CORP.
PNA ACQUISITION CO., INC.
RPNA ACQUISITION COMPANY, INC.
SCPMC ACQUISITION CO.
SNCA ACQUISITION COMPANY, INC.

By: /s/ KARL B. WAGNER

Karl B. Wagner, Treasurer

FLEET NATIONAL BANK

By: /s/ GINGER STOLZENTHALER

Ginger Stolzenthaler, Managing Director

U.S. BANK NATIONAL ASSOCIATION

By: /s/ WALKER S. CHOPPIN

Walker S. Choppin, Senior Vice President

HSBC BANK USA

By: /s/ JOSE M. CRUZ

Jose M. Cruz, Senior Vice President

UBS AG, STAMFORD BRANCH

By: /s/ WILFRED V. SAINT

Wilfred V. Saint, Associate Director
Banking Products Services, US

By: /s/ SUSAN BRUNNER

Susan Brunner, Associate Director
Banking Products Services, US

THE INTERNATIONAL BANK OF MIAMI, N.A.

By: /s/ EDUARDO HORNERO

Eduardo Hornero, Vice President

By: /s/ JORGE MAKLOUF

Jorge Maklouf, Senior Vice President

Exhibit 10.3

SEPARATION AND SEVERANCE AGREEMENT

This Separation and Severance Agreement (the "Agreement") is made and entered into as of May 30, 2003 by and between Brian T. Gillon ("Executive") and PEDIATRIX MEDICAL GROUP, INC. (the "Company").

WHEREAS, Executive and the Company are parties to an Amended and Restated Employment Agreement dated as of January 1, 2003 (the "Employment Agreement"), under which the Executive agreed to serve the Company as Executive Vice President, Corporate Development and General Counsel;

WHEREAS, the Company and Executive desire to enter into an agreement that sets forth their respective remaining obligations under the Employment Agreement and the terms and timing of the termination of Executive's services pursuant to and under the terms of the Employment Agreement; and

WHEREAS, the parties acknowledge that Executive has valuable knowledge, expertise and confidential information about the Company's business and business relationships.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the adequacy and sufficiency of which are hereby acknowledged, Executive and the Company agree as follows:

1. The Company and Executive hereby mutually acknowledge and agree that the Employment Agreement shall terminate pursuant to, and in accordance with, the terms of Section 4.7 thereof, with said termination to be effective as of 11:59 p.m. on June 4, 2003 (the "Termination Date").

2. In full and final settlement of any claims for severance compensation, or for any other amounts owing to Executive under the Employment Agreement (including any bonus amounts) or otherwise (other than reimbursement of business expenses paid or otherwise incurred by the Executive prior to the Termination Date and any amounts payable to Executive pursuant to the terms of the CSA (as defined in Paragraph 3 below)), consistent with the terms of Section 5.4 of the Employment Agreement, the Company agrees as follows:

(a) For a period of 12 months following the Termination Date, the Company shall make payments to Executive at an annual rate of Three Hundred Thousand Dollars ($300,000), with such amounts to be prorated as necessary and payable in installments consistent with the Company's normal payroll schedule, subject to required applicable withholding for taxes;

(b) Through June 30, 2004, Executive shall be eligible to continue to participate in the Company's group health insurance plan, and all other Company benefit plans or policies (other than equity compensation or bonus plans), in each case on the same terms and subject to the same conditions available to Executive prior to the Termination Date; and

(c) Beginning on July 1, 2004, participation in the Company's group health insurance plan shall be governed by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), and Executive's participation in any of the Company's other benefit plans or policies, if any, shall be governed by the terms and conditions of any such plans or policies, or as otherwise required by law.

Consistent with the terms and conditions of the Company's Amended and Restated Stock Option Plan, Executive shall have a period of ninety (90) days following the Termination Date in which to exercise any options to purchase common stock that are vested and unexercised as of the Termination date; any such options that are unvested shall terminate and become null and void as of the Termination Date.

3. Following termination of the Employment Agreement as described in Paragraph 1 above, at the request of the Company, Executive has agreed to provide consulting services as an independent contractor to the Company, with such services to be provided on the terms and subject to the conditions set forth in that certain Consulting Services Agreement by and between the Company and Executive of even date herewith (the "CSA"). The Company expressly acknowledges and agrees that any payments or compensation pursuant to the Consulting Services Agreement shall be separate from, in addition to, and

shall not offset, any of the Company's obligations under Paragraph 2 above.

4. The term "Released Parties" includes the Company and its parents, divisions, subsidiaries, partnerships, affiliates, and other related entities, and each of their past, present, and future owners, fiduciaries, shareholders, directors, officers, partners, agents, employees, executives, and attorneys, whether in their individual or professional capacities, and the predecessors, successors, and assigns of each of them.

5. Executive, and anyone claiming through Executive, agrees not to sue and further agrees to release the Released Parties, with respect to any and all claims which Executive now has or has ever had, or may ever have, against any of the Released Parties, arising from conduct or omissions through the effective date of this Agreement, whether known or unknown, including but not limited to: (a) claims for or related in any way to the Employment Agreement or Executive's employment, hiring, conditions of employment, compensation or payment of compensation, or termination from employment; (b) claims that could have been asserted by or on behalf of Executive in any federal, state, or local court, commission, or agency, or under any common law theory, or under any employment, contract, tort, federal, state, or local law, regulation, ordinance, or order; and (c) claims arising under federal, state, or local laws, as amended from time to time, including, but not limited to, Title VII of the Civil Rights Act of 1964 (as amended), the Civil Rights Act of 1991, the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended, the Employee Retirement Income Security Act of 1974, Family and Medical Leave Act of 1993, the Older Workers Benefits Protection Act, or other federal, state or local civil rights laws based on age or other protected class status.

6. Executive agrees, represents, and warrants that Executive is the sole owner of the claims that are released in this Agreement and that Executive has the full right and power to grant, execute, and deliver the releases and promises in this Agreement. Executive further agrees, represents and warrants that Executive has not initiated or filed any legal, equitable, administrative, or any other proceeding against any of the Released Parties and that no such proceeding has been initiated or filed on Executive's behalf. The consideration offered herein is accepted by Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and Executive expressly agrees that Executive is not entitled to and shall not receive any further recovery of any kind from the Company or any of the Released Parties, and that in the event of any further proceedings whatsoever based upon any matter released herein, the Company and each of the Released Parties shall have no further monetary or other obligation of any kind to Executive, including any obligation for any costs, expenses and attorneys' fees incurred by or on behalf of Executive.

7. Executive recognizes and acknowledges that the Company's, its affiliates', their divisions' and the users of their services' ("users") confidential financial records, financial and other plans, marketing methods and systems, advertising strategies and methods, strategic plans, databases, trade secrets, user lists, information regarding users and potential users, staff members, or suppliers, reports prepared by consultants, other information, observations, data and ideas obtained by Executive during the course of Executive's employment with the Company, or other proprietary information of the Company (collectively referred to as "Confidential Information"), are valuable, special, and unique assets of the Company and these affiliates, divisions, and users. Therefore, Executive agrees not to disclose at all times any Confidential Information to any person, firm, corporation, or other entity whatsoever unless and until the information becomes generally available to the public through proper means not in violation of this Agreement.

8. Nothing in this Agreement is intended to or shall be construed as an admission by the Company or any of the other Released Parties that it violated any law, interfered with any right or otherwise engaged in any improper or illegal conduct with respect to Executive or otherwise, the Released Parties expressly denying any such illegal or improper conduct.

9. Nothing contained in this Agreement is intended to waive, alter or modify in any manner the duties and obligations of Executive as Authorized House Counsel to the Company, including those duties and obligations involving the attorney client privilege, confidentiality, work product or any other duty or obligation imposed on a lawyer by the rules and regulations of the Florida Bar or applicable law.

10. To the fullest extent permissible under applicable law and the Company's Articles of Incorporation, the Company hereby indemnifies and saves harmless Executive from and against any liability he may suffer or incur

as a result of, or incident to, any act or omission during the course of, or incident to, his services to the Company, said indemnification to include advancement of, and reimbursement for, any reasonable expenses incurred by Executive in defense of any claims that may be asserted in connection with, or as a result of, his services to, or on behalf of, the Company.

11. In the event that a legal action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover his or its costs of court, including all attorneys' fees at all trial and appellate levels.

12. Executive acknowledges and agrees that (i) he has been provided sufficient time to review this Agreement, (ii) he has had the opportunity to consult with legal counsel if he so chooses, and (iii) he has received all of the information he requires from the Company to make a knowing and voluntary release and waiver of all claims against the Company.

13. The Company and Executive hereby mutually agree that each shall refrain from any conduct, verbal or otherwise, that criticizes, ridicules, disparages or is derogatory of the other, and, in the case of the Company, of its affiliates or any of its or their officers, directors, agents or employees. Additionally, during the one-year period immediately following the Termination Date, except as authorized by the Company, Executive shall not give any interviews or speeches concerning the Company, nor shall Executive directly or indirectly, prepare or assist any person or entity in the preparation of any books, articles, or other creations concerning the Company. Notwithstanding the foregoing, (i) Executive may publicly state factual information about his employment with Company in providing others with background and resume information about himself, in public filings with the Securities and Exchange Commission when required with respect to other issuers for which such disclosure about him is required, and in similar contexts and (ii) in the event that Executive is legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, investigative demand or similar process) to respond to inquiries concerning the Company, the restrictions on communications set forth in this Paragraph 13 shall not apply to such compulsory requests. Should any such compulsory requests for information be received, Executive hereby agrees to cooperate with the Company and its counsel in the course of responding thereto.

14. This Agreement embodies the entire agreement and understanding of the parties hereto with regard to Sections 4 (Termination) and 5 (Compensation and Benefits Upon Termination) of the Employment Agreement, and supersedes any and all prior and/or contemporaneous agreements and understandings (other than the CSA), oral or written, between said parties with respect thereto, including, but not limited to, the Employment Agreement. Except to the extent that such agreements and obligations have been expressly modified or changed herein, nothing contained herein is intended, nor shall it be construed, to limit or restrict any of the parties' other respective agreements and obligations under the Employment Agreement, including, but not limited to, Executive's obligations under Section 8 of the Employment Agreement (Noncompetition;Unauthorized Disclosure;Injunctive Relief), which obligations remain in effect and enforceable against the parties hereto.

15. This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida.

16. The fact that one of the parties may have drafted or structured any provision of this Agreement or any document referenced herein shall not be considered in construing the particular provision or document either in favor of or against such party.

17. The parties agree that this Agreement may be modified only in writing, and any party's failure to enforce this Agreement in the event of one or more events that violate this Agreement shall not constitute a waiver of any right to enforce this Agreement against subsequent violations.

THE PARTIES STATE THAT THEY HAVE READ THE FOREGOING, THAT THEY UNDERSTAND EACH OF ITS TERMS AND THAT THEY INTEND TO BE BOUND THERETO.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

PEDIATRIX MEDICAL GROUP, INC.	EXECUTIVE:
/s/ ROGER J. MEDEL, M.D., M.B.A.	/s/ BRIAN T. GILLON
Roger J. Medel, M.D., M.B.A. President and CEO	Brian T. Gillon

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement ("Agreement") is made and entered into as of May 30, 2003 by and between Pediatrix Medical Group, Inc. (the "Company") and Brian T. Gillon ("Consultant") (collectively the "Parties).

WHEREAS, Consultant and the Company are parties to an Amended and Restated Employment Agreement dated as of January 1, 2003 (the "Employment Agreement"), under which the Consultant agreed to serve the Company as Executive Vice President, Corporate Development and General Counsel;

WHEREAS, the Company and Consultant have entered into a Separation and Severance Agreement of even date herewith pursuant to which their respective obligations under the Employment Agreement and the terms and timing of the termination of Consultant's services pursuant to the Employment Agreement have been resolved; and

WHEREAS, the parties acknowledge that Consultant maintains valuable knowledge, expertise and confidential information about the Company's business and business relationships;

WHEREAS, the Company wishes to retain the services of Consultant to provide advisory and consulting services, and Consultant wishes to accept such engagement.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the adequacy and sufficiency of which are hereby acknowledged, Consultant and the Company agree as follows:

Services to be Provided. The Company hereby engages Consultant to provide the following services, none of which shall include or constitute the provision of legal advice or the practice of law:

(a). Assist the Company's Senior Management in the implementation of a plan of transition following Consultant's departure as an employee of the Company;

(b). Assist the Company's Senior Management in evaluating business development opportunities and in researching, analyzing, evaluating and addressing regulatory affairs affecting the Company's business; and

(c). Provide such other services and perform such other duties as may be reasonably requested by the Company's General Counsel.

The foregoing services are referred to herein as the "Services." Consultant shall perform Services of such nature, and at such places and times, as may be mutually agreed to by Consultant and the Company's General Counsel, PROVIDED THAT Consultant shall not be required to provide Services for an aggregate period of more than ten calendar days in any one month during the Term (as defined in Paragraph 4 below) hereof. Consultant shall be free to dispose of his time, energy and skill in such a manner as he deems advisable, and shall also be free to provide services to or for such other persons, firms and entities as he may desire.

Working Facilities and Supplies. During the Term hereof, the Company shall furnish the Consultant with such office space, support staff and equipment (including laptop computer, and access to the Company's offices, Email and intranet) as may be necessary for the performance of his duties hereunder.

Travel and Expense Reimbursement. The Consultant shall be entitled to reimbursement for all reasonable expenses that may be paid or incurred by the Consultant in the course of and pursuant to the business of the Company, including expenses for travel and entertainment. Travel and expense reimbursement policies shall be on the same terms and conditions applicable to Consultant in his role as Executive Vice President, Corporate Development and General Counsel of the Company during the period immediately preceding termination of the Employment Agreement.

Term and Termination of Agreement. The Company hereby engages Consultant for a period commencing June 5, 2003, and ending July 31, 2003 (the "Term"). This Agreement will automatically renew on a month to month basis unless either Party gives written notice of non-renewal at least seven calendar days before the end of the Term. Additionally, this

Agreement may be terminated at any time by either party upon seven calendar days notice to the other. Consultant's services to the Company, and the Company's and Consultant's obligations to each other hereunder, shall terminate simultaneously with the termination of this Agreement.

Consulting Fees. The Company shall pay the Consultant for the performance of Services at the hourly rate of Three Hundred Dollars ($300.00). The Consulting Fees shall be paid on the 15th day of the month immediately following the month during which such services are provided.

Independent Contractor. Consultant, in the performance of Services, will act as an independent Contractor to the Company, and will not be considered an employee for any purpose. Consultant is not entitled to receive Company employee benefits as a result of, or pursuant to, this Agreement. Solely with respect to compensation pursuant to this Agreement, Company is not responsible for payment of workers' compensation, disability or other similar benefits, unemployment or other insurance, or for withholding income or other similar taxes or Social Security tax for Consultant, as Consultant shall bear such responsibilities.

Indemnification. To the fullest extent permissible under applicable law and the Company's Articles of Incorporation, the Company hereby indemnifies and saves harmless Consultant from and against any liability he may suffer or incur as a result of, or incident to, any act or omission during the course of, or incident to, his services to the Company, said indemnification to include advancement of, and reimbursement for, any reasonable expenses incurred by Consultant in defense of any claims that may be asserted in connection with, or as a result of, his services to, or on behalf of, the Company.

Miscellaneous.

(a) This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida.

(b) In the event that a legal action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover his or its costs of court, including all attorneys' fees at all trial and appellate levels.

(c) The fact that one of the parties may have drafted or structured any provision of this Agreement or any document referenced herein shall not be considered in construing the particular provision or document either in favor of or against such party.

(d) The parties agree that this Agreement may be modified only in writing, and any party's failure to enforce this Agreement in the event of one or more events that violate this Agreement shall not constitute a waiver of any right to enforce this Agreement against subsequent violations.

(f) This Agreement embodies the entire agreement and understanding of the parties hereto relating to the subject matter contained herein, and supersedes any and all prior and/or contemporaneous agreements and understandings (other than the Separation and Severance Agreement), oral or written, between said parties with respect thereto.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

PEDIATRIX MEDICAL GROUP, INC.	CONSULTANT:
/s/ THOMAS W. HAWKINS	/s/ BRIAN T. GILLON
Thomas W. Hawkins Senior Vice President and General Counsel	Brian T. Gillon

Exhibit 10.5

PEDIATRIX MEDICAL GROUP, INC.
AMENDED AND RESTATED STOCK OPTION PLAN
AS OF JUNE 4, 2003

PURPOSE. The purpose of this Plan is to advance the interests of Pediatrix Medical Group, Inc., a Florida corporation, providing an additional incentive to attract and retain qualified and competent persons who are key to the Company (as hereinafter defined), including key employees, Officers and Directors, and upon whose efforts and judgment the success of the Company is largely dependent, through the encouragement of stock ownership in the Company by such persons.

DEFINITIONS. As used herein, the following terms shall have the meaning indicated:

"Board" shall mean the Board of Directors of Pediatrix Medical Group, Inc.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the stock option committee appointed by the Board pursuant to Section 14(a) hereof or, if not appointed, the Board.

"Common Stock" shall mean Pediatrix Medical Group, Inc.'s Common Stock, par value $0.01 per share.

"Company" shall refer to Pediatrix Medical Group, Inc., a Florida corporation, its direct and indirect majority owned subsidiaries and any business entity related to the them through long-term management contracts which provide the medical component of the services required in respect of any arrangement where Pediatrix Medical Group, Inc. provides the non-medical component of the services required in respect of such arrangement in various states and Puerto Rico.

"Director" shall mean a member of the Board.

"Effective Date" shall mean the date the Plan was originally effective, September 20, 1995.

"Employee Director" shall mean a member of the Board who is also an employee of the Company.

"Fair Market Value" of a Share on any date of reference shall be the "Closing Price" (as defined below) of the Common Stock on such business day, unless the Committee in its sole discretion shall determine otherwise in a fair and uniform manner. For the purpose of determining Fair Market Value, the "Closing Price" of the Common Stock on any business day shall be (i) if the Common Stock is listed or admitted for trading on any United States national securities exchange, or if actual transactions are otherwise reported on a consolidated transaction reporting system, the last reported sale price of Common Stock on such exchange or reporting system, as reported in any newspaper of general circulation, (ii) if the Common Stock is quoted on the New York Stock Exchange ("NYSE"), or any similar system of automated dissemination of quotations of securities prices in common use, the last reported sale price of Common Stock on NYSE or such system, or (iii) if neither clause (i) or (ii) is applicable, the mean between the high bid and low asked quotations for the Common Stock as reported by the National Quotation Bureau, Incorporated if at least two securities dealers have inserted both bid and asked quotations for Common Stock on at least five of the ten preceding days. If neither (i), (ii) or (iii) above is applicable, then Fair Market Value shall be determined in good faith by the Committee or the Board in a fair and uniform manner.

"Grant" shall mean the agreement between the Company and the Optionee for the grant of an Option.

"Incentive Stock Option" shall mean an incentive stock option as defined in Section 422 of the Code.

"Non-Employee Director" shall mean a member of the Board who is not an employee of the Company.

"Non-Qualified Stock Option" shall mean an Option which is not an Incentive Stock Option.

"Officer" shall mean any person defined as an "executive officer" pursuant to Item 401(b) of Regulation S-K (17 C.F.R. Section 229.401(b)), unless otherwise specified in a resolution by the Board.

"Option(s)" (when capitalized) shall mean any option or options granted under this Plan.

"Optionee" shall mean a person to whom a stock option is granted under this Plan or any person who succeeds to the rights of such person under this Plan by reason of the death of such person.

"Outside Director" shall mean a member of the Board who qualifies as an "outside director" under Code Section 162(m) and the regulations thereunder and as a "Non-Employee Director" under Rule 16b-3.

"Plan" shall mean this Stock Option Plan for the Company.

"Rule 16B-3" shall mean Rule 16B-3 promulgated under the Securities Exchange Act.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Share(s)" shall mean a share or shares of the Common Stock.

SHARES AND OPTIONS. The Committee or the Board may grant to Optionees from time to time Options to purchase an aggregate of up to 8,000,000 Shares from authorized and unissued Shares. If any Option granted under the Plan shall terminate, expire, or be canceled or surrendered as to any Shares, new Options may thereafter be granted covering such Shares.

INCENTIVE AND NON-QUALIFIED OPTIONS. An Option granted hereunder shall be either an Incentive Stock Option or a Non-Qualified Stock Option as determined by the Committee or the Board at the time of grant of such Option and shall clearly state whether it is an Incentive Stock Option or a Non-Qualified Stock Option. All Incentive Stock Options shall be granted within 10 years from the Effective Date. Incentive Stock Options may not be granted to any person who is not an employee of the Company.

DOLLAR LIMITATION. Options otherwise qualifying as Incentive Stock Options hereunder will not be treated as Incentive Stock Options to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the Shares, with respect to which Options meeting the requirements of Code Section 422(b) are exercisable for the first time by any individual during any calendar year (under all plans of Pediatrix Medical Group, Inc. and its parent corporations and subsidiary corporations (if any) within the meaning of Code Section 424), exceeds $100,000.

CONDITIONS FOR GRANT OF OPTIONS.

Each Option shall be evidenced by a Grant that may contain any term deemed necessary or desirable by the Committee or the Board, provided such terms are not inconsistent with this Plan or any applicable law. The Optionees shall be (i) those persons selected by the Committee or the Board from the class of all employees of the Company, including Employee Directors and Officers who are employees of the Company and (ii) solely in accordance with Section 15 below, Non-Employee Directors. Any person who files with the Committee, in a form satisfactory to the Committee, a written waiver of eligibility to receive any Option under this Plan shall not be eligible to receive any Option under this Plan for the duration of such waiver.

In granting Options, the Committee or the Board shall take into consideration the contribution the person has made to the success of the Company and such other factors as the Committee or the Board shall determine. The Committee or the Board shall also have the authority to consult with and receive recommendations from officers and other personnel of the Company with regard to these matters. The Committee or the Board may from time to time in granting Options under the Plan prescribe such other terms and conditions concerning such Options as it deems appropriate, including, without limitation, (i) prescribing the date or dates on which the Option becomes exercisable, (ii) providing that the Option rights accrue or become exercisable in installments over a period of years, or upon the attainment of stated goals or both, or (iii) relating an Option to the continued employment of the Optionee for a specified period of time, provided that such terms and conditions are not more favorable to an Optionee than those expressly permitted herein.

The Options granted to employees under this Plan shall be in addition to regular salaries, pension, life insurance or other benefits related to their

employment with the Company. Neither the Plan nor any Option granted under the Plan shall confer upon any person any right to employment or continuance of employment by the Company.

Notwithstanding any other provision of this Plan, an Incentive Stock Option shall not be granted to any person owning directly or indirectly (through attribution under Section 424(d) of the Code) at the date of grant, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or of its parent or subsidiary corporation (as defined in Section 424 of the Code) at the date of grant) unless the option price per Share of such Option is at least 110% of the Fair Market Value of a Share on the date the Option is granted, and such Option by its terms is not exercisable after the expiration of five years from the date such Option is granted.

Notwithstanding any other provision of this Plan, and in addition to any other requirements of this Plan, the aggregate number of Shares with respect to which Options may be granted under the Plan to any one Director, Officer or employee shall not exceed 250,000 in any calendar year, and the aggregate number of Shares with respect to which Incentive Stock Options may be granted under the Plan shall not exceed 3,250,000.

Notwithstanding the provisions of Section 3 and paragraph (a) above, the Chief Executive Officer of the Company shall have the right to grant Options to any persons, other than Officers and Non-Employee Directors, to whom Options may be granted under paragraph (a) above, PROVIDED THAT (i) the number of Options so granted to any one person shall not exceed 20,000 in any calendar year, (ii) except as otherwise authorized by the Committee or the Board, one-third of each such Option shall become vested and exercisable on each of the first three anniversaries of the date such Option is granted, provided that the Optionee is still an employee of the Company on such anniversary, and (iii) the terms and conditions of such grants shall not be inconsistent with any other provisions of this Plan.

OPTION PRICE. The option price per Share of any Option shall be any price determined by the Committee or the Board but shall not be less than the par value per Share; provided, however, that in no event shall the option price per Share of any Incentive Stock Option or any Option granted pursuant to Section 6(f) above or Section 15(a) below be less than the Fair Market Value of a Share on the date such Option is granted.

EXERCISE OF OPTIONS. An Option shall be deemed exercised when (i) the Company has received written notice of such exercise in accordance with the terms of the Grant, (ii) full payment of the aggregate option price of the Shares as to which the Option is exercised has been made, and (iii) arrangements that are satisfactory to the Committee or the Board in its sole discretion have been made for the Optionee's payment to the Company of the amount that is necessary for the Company employing the Optionee to withhold in accordance with applicable Federal or state tax withholding requirements. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Committee or the Board and may consist of cash, certified or official bank check, money order, or if and to the extent permitted by the Committee or the Board, (x) Shares held by the Optionee for at least six (6) months (or such other Shares as the Company determines will not cause the Company to realize a financial accounting change), (y) the withholding of Shares issuable upon exercise of the Option, or (z) subject to applicable law, by any form of cashless exercise procedure approved by the Committee or the Board, or in such other consideration as the Committee or the Board deems appropriate and permissable under applicable law, or by a combination of the above. The Committee or the Board in its sole discretion may accept a personal check in full or partial payment of any Shares. If the exercise price is paid in whole or in part with Shares, or through the withholding of Shares issuable upon exercise of the Option, the value of the Shares surrendered shall be their Fair Market Value on the date the Option is exercised. No Optionee shall be deemed to be a holder of any Shares subject to an Option unless and until a stock certificate or certificates for such Shares are issued to such person(s) under the terms of this Plan. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as expressly provided in Section 10 hereof.

EXERCISABILITY OF OPTIONS. Any Option shall become exercisable in such amounts, at such intervals and upon such terms as the Committee or the Board shall provide in such Grant, except as otherwise provided in this Section 9.

The expiration date of an Option shall be determined by the Committee or the Board at the time of grant, but in no event shall an Option be exercisable after the expiration of 10 years from the date of grant of the Option.

Unless otherwise provided in any Option, each outstanding Option shall become immediately fully exercisable in the event of a "Change in Control" or in the event that the Committee or the Board exercises its discretion to provide a cancellation notice with respect to the Option pursuant to Section 10(b) hereof. For this purpose, the term "Change in Control" shall mean the approval by the shareholders of Pediatrix Medical Group, Inc. of a reorganization, merger, consolidation or other form of corporate transaction or series of transactions, in each case, with respect to which persons who were the shareholders of Pediatrix Medical Group, Inc. immediately prior to such reorganization, merger or consolidation or other transaction do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities, or a liquidation or dissolution of Pediatrix Medical Group, Inc. or the sale of all or substantially all of the assets of Pediatrix Medical Group, Inc. (unless such reorganization, merger, consolidation or other corporate transaction, liquidation, dissolution or sale is subsequently abandoned).

The Committee or the Board may in its sole discretion accelerate the date on which any Option may be exercised and may accelerate the vesting of any Shares subject to any Option.

TERMINATION OF OPTION PERIOD.

Unless otherwise provided in any Grant, the unexercised portion of any Option, other than an Option granted pursuant to Section 15 hereof, shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

unless otherwise provided in any Grant, three months after the date on which the Optionee's employment is terminated for any reason other than by reason of (A) Cause, which, solely for purposes of this Plan, shall mean the termination of the Optionee's employment by reason of the Optionee's willful misconduct or gross negligence, (B) a mental or physical disability (within the meaning of Code Section 22(e)) as determined by a medical doctor satisfactory to the Committee or the Board, or (C) death;

immediately upon the termination of the Optionee's employment for Cause;

one year after the date on which the Optionee's employment is terminated by reason of a mental or physical disability (within the meaning of Code Section 22(e)) as determined by a medical doctor satisfactory to the Committee or the Board; or

(A) twelve months after the date of termination of the Optionee's employment by reason of death of the Optionee, or (B) three months after the date on which the Optionee shall die if such death shall occur during the one year period specified in Subsection 10(a)(iii) hereof.

All references herein to the termination of the Optionee's employment shall, in the case of an Optionee who is not an employee of the Company, refer to the termination of the Optionee's service with the Company.

The Committee in its sole discretion may by giving written notice ("cancellation notice") cancel, effective upon the date of the consummation of any corporate transaction described in Section 9(b) hereof or of any reorganization, merger, consolidation or other form of corporate transaction in which the Company does not survive, any Option that remains unexercised on such date. Such cancellation notice shall be provided to Optionee a reasonable period of time prior to the proposed date of such cancellation and may be given either before or after approval of such corporate transaction.

ADJUSTMENT OF SHARES.

If at any time while the Plan is in effect or unexercised Options are outstanding, there shall be any increase or decrease in the number of issued and outstanding Shares through the declaration of a stock dividend or through any recapitalization resulting in a stock split-up, combination or exchange of Shares, then and in such event:

appropriate adjustment shall be made in the maximum number of Shares available for grant under the Plan, or available for grant to any person under the Plan, so that the same percentage of issued and outstanding Shares shall continue to be subject to being so optioned; and

appropriate adjustment shall be made in the number of Shares and the exercise price per Share thereof then subject to any outstanding Option, so that

the same percentage of issued and outstanding Shares shall remain subject to purchase at the same aggregate exercise price.

Subject to the specific terms of any Grant, the Committee or the Board may change the terms of Options outstanding under this Plan, with respect to the option price or the number of Shares subject to the Options, or both, when, in the Committee's or the Board's sole discretion, such adjustments become appropriate so as to preserve but not increase benefits under the Plan.

Except as otherwise expressly provided herein, the issuance by Company of shares of its capital stock of any class, or securities convertible into shares of capital stock of any class, either in connection with direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to the number of or exercise price of Shares then subject to outstanding Options granted under the Plan.

Without limiting the generality of the foregoing, the existence of outstanding Options granted under the Plan shall not affect in any manner the right or power of the Company to make, authorize or consummate (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business; (ii) any merger or consolidation of the Company; (iii) any issue by the Company of debt securities, or preferred or preference stock that would rank above the Shares subject to outstanding Options; (iv) the dissolution or liquidation of the Company; (v) any sale, transfer or assignment of all or any part of the assets or business of the Company; or (vi) any other corporate act or proceeding, whether of a similar character or otherwise.

TRANSFERABILITY OF OPTIONS AND SHARES.

No Incentive Stock Option, and unless the prior written consent of the Committee or the Board is obtained and the transaction does not violate the requirements of Rule 16B-3, no Non-Qualified Stock Option, shall be subject to alienation, assignment, pledge, charge or other transfer other than by the Optionee by will or the laws of descent and distribution, and any attempt to make any such prohibited transfer shall be void. Each Option shall be exercisable during the Optionee's lifetime only by the Optionee, or in the case of a Non-Qualified Stock Option that has been assigned or transferred with the prior written consent of the Committee or the Board, only by the permitted assignee.

Unless the prior written consent of the Committee or the Board is obtained and the transaction does not violate the requirements of Rule 16B-3, no Shares acquired by an Officer or Director pursuant to the exercise of an Option may be sold, assigned, pledged or otherwise transferred prior to the expiration of the six-month period following the date on which the Option was granted.

ISSUANCE OF SHARES.

Notwithstanding any other provision of this Plan, the Company shall not be obligated to issue any Shares unless it is advised by counsel of its selection that it may do so without violation of the applicable Federal and state laws pertaining to the issuance of securities, and may require any stock so issued to bear a legend, may give its transfer agent instructions, and may take such other steps, as in its judgment are reasonably required to prevent any such violation.

As a condition of any sale or issuance of Shares upon exercise of any Option, the Committee or the Board may require such agreements or undertakings, if any, as the Committee or the Board may deem necessary or advisable to facilitate compliance with any such law or regulation including, but not limited to, the following:

a representation and warranty by the Optionee to the Company, at the time any Option is exercised, that Optionee is acquiring the Shares to be issued to Optionee for investment and not with a view to, or for sale in connection with, the distribution of any such Shares; and

a representation, warranty and/or agreement to be bound by any legends endorsed upon the certificate(s) for such Shares that are, in the opinion of the Committee or the Board, necessary or appropriate to facilitate compliance with the provisions of any securities law deemed by the Committee or the Board to be applicable to the issuance and transfer of such Shares.

ADMINISTRATION OF THE PLAN.

The Plan shall be administered by the Committee appointed by the Board which shall be composed of two or more Directors all of whom shall be Outside Directors. The membership of the Committee shall be constituted so as to comply

at all times with the applicable requirements of Rule 16B-3 and Section 162(m) of the Code. The

Committee shall serve at the pleasure of the Board and shall have the powers designated herein and such other powers as the Board may from time to time confer upon it.

The Board may grant Options to any persons to whom options may be granted under Section 6(a) hereof.

The Committee or the Board, from time to time, may adopt rules and regulations for carrying out the purposes of the Plan. The determinations by the Committee or the Board and the interpretation and construction of any provision of the Plan or any Option by the Committee or the Board, shall be final and conclusive.

Any and all decisions or determinations of the Committee shall be made either (i) by a majority vote of the members of the Committee at a meeting or (ii) without a meeting by the unanimous written approval of the members of the Committee.

GRANTS TO NON-EMPLOYEE DIRECTORS.

Each person who becomes a Non-Employee Director and who is not then affiliated with any beneficial owner of more than 10% of the Common Stock will be granted an Option to purchase 10,000 Shares, effective as of the date of his or her appointment as a Director. One-third of such Option shall become vested and exercisable on each of the first three anniversaries of the date such Option is granted, provided that the Optionee is still a Director on such anniversary. The per Share exercise price of such Option will be equal to the Fair Market Value of a Share on the date such Option is granted. The unexercised portion of any such Option shall become null and void three months after the date on which such Non-Employee Director ceases to be a Director for any reason.

In addition to Options granted to Non-Employee Directors pursuant to Section 15(a), each person who is a Non-Employee Director as of the close of an annual meeting of Pediatrix Medical Group, Inc.'s shareholders and who is not than affiliated with any beneficial owner of more than 10% of the Common Stock will be granted an Option to purchase 4,000 Shares, effective as of the close of such annual meeting. Such Option shall be immediately vested and exercisable. The per Share exercise price of such Option will be equal to the Fair Market Value of a Share on the date such Option is granted. The unexercised portion of any such Option shall become null and void three months after the date on which such Non-Employee Director ceases to be a Director for any reason.

Non-Employee Directors shall not be eligible to receive any other grants of Options pursuant to this Plan.

WITHHOLDING OR DEDUCTION FOR TAXES. If at any time specified herein for the making of any issuance or delivery of any Option or Common Stock to any Optionee or beneficiary, any law or regulation of any governmental authority having jurisdiction in the premises shall require the Company to withhold, or to make any deduction for, any taxes or take any other action in connection with the issuance or delivery then to be made, such issuance or delivery shall be deferred until such withholding or deduction shall have been provided for by the Optionee or beneficiary, or other appropriate action shall have been taken.

INTERPRETATION.

As it is the intent of the Company that the Plan comply in all respects with Rule 16B-3, any ambiguities or inconsistencies in construction of the Plan shall be interpreted to give effect to such intention, and if any provision of the Plan is found not to be in compliance with Rule 16B-3, such provision shall be deemed null and void to the extent required to permit the Plan to comply with Rule 16B-3. The Committee or the Board may from time to time adopt rules and regulations under, and amend, the Plan in furtherance of the intent of the foregoing.

The Plan shall be administered and interpreted so that all Incentive Stock Options granted under the Plan will qualify as Incentive Stock Options under section 422 of the Code. If any provision of the Plan should be held invalid for the granting of Incentive Stock Options or illegal for any reason, such determination shall not affect the remaining provisions hereof, but instead the Plan shall be construed and enforced as if such provision had never been included in the Plan.

This Plan shall be governed by the laws of the State of Florida.

Headings contained in this Plan are for convenience only and shall in no manner be construed as part of this Plan.

Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

AMENDMENT AND DISCONTINUATION OF THE PLAN. The Committee or the Board may from time to time amend, suspend or terminate the Plan or any Option; provided, however, that, any amendment to the Plan shall be subject to the approval of the Company's shareholders if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16B-3 or to comply with Section 162(m) of the Code) or the rules of any Stock exchange or automated quotation system on which the Common Stock may then be listed or granted. Except to the extent provided in Sections 9 and 10 hereof, no amendment, suspension or termination of the Plan or any Option issued hereunder shall substantially impair the rights or benefits of any Optionee pursuant to any Option previously granted without the consent of the Optionee.

AMENDED AND RESTATED EFFECTIVE DATE AND TERMINATION DATE. The Effective Date of this Amended and Restated Plan shall be June 4, 2003. The Plan shall terminate on the 10th anniversary of the original Effective Date.

Exhibit 31.1

CERTIFICATIONS

I, Roger J. Medel, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pediatrix Medical Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2003

By: /s/ ROGER J. MEDEL, M.D.

Roger J. Medel, M.D.,
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Karl B. Wagner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pediatrix Medical Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2003

By: /s/ KARL B. WAGNER

Karl B. Wagner,
Chief Financial Officer
(principal financial officer)

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pediatrix Medical Group, Inc. on Form 10-Q for the period ended June 30, 2003 (the "Report"), each of the undersigned hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Pediatrix Medical Group, Inc.

A signed original of this written statement required by Section 906 has been provided to Pediatrix Medical Group, Inc. and will be retained by Pediatrix Medical Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

August 11, 2003

By: /s/ ROGER J. MEDEL, M.D.

Roger J. Medel, M.D.,
President and Chief Executive Officer
(principal executive officer)

By: /s/ KARL B. WAGNER

Karl B. Wagner,
Chief Financial Officer
(principal financial officer)