

PEDIATRIX MEDICAL GROUP INC
Form DEF 14A
April 07, 2008
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SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement

(Pursuant to Section 14(a) of the Securities Exchange Act of 1934)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

PEDIATRIX MEDICAL GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No Fee Required.

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(3) Filing Party:

(4) Date Filed:

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1301 Concord Terrace

Sunrise, Florida 33323-2825

(954) 384-0175

April 8, 2008

Dear Pediatrix Shareholder:

You are cordially invited to attend the 2008 Annual Shareholders Meeting of Pediatrix Medical Group, Inc. (Pediatrix) on Friday, May 23, 2008, beginning at 10:00 a.m., local time, at the Crowne Plaza Sawgrass Mills, 13400 W. Sunrise Boulevard, Sunrise, Florida 33323.

At the annual meeting, we will ask you to vote on the election of Pediatrix's Board of Directors, to approve the Pediatrix 2008 Incentive Compensation Plan, to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2008 fiscal year and to consider and act upon any other business properly brought before the meeting. Please vote on all the matters described in our proxy statement. Your Board of Directors unanimously recommends a vote FOR the election of each of the nine nominees for Director, FOR approval of the Pediatrix 2008 Incentive Compensation Plan and FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2008 fiscal year.

Pursuant to the new rules recently adopted by the Securities and Exchange Commission, we have provided access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the E-Proxy Notice) on or about April 8, 2008 to Pediatrix's shareholders of record on March 25, 2008. The E-Proxy Notice contains instructions for your use of this new process, including how to access our Proxy Statement and Annual Report and how to vote online. In addition, the E-Proxy Notice contains instructions on how you may (i) receive a paper copy of the Proxy Statement and Annual Report or (ii) elect to receive your Proxy Statement and Annual Report over the Internet.

We encourage you to attend the annual meeting. Whether or not you plan to attend in person, it is important that your shares be represented and voted at the annual meeting. You may vote your shares over the Internet as described in the E-Proxy Notice. As an alternative, if you received a paper copy of the proxy card by mail, please mark, sign, date and promptly return the card in the self-addressed stamped envelope provided. You may also vote by telephone as described in your proxy card. Voting by telephone, over the Internet or by mailing a proxy card will not limit your right to attend the annual meeting and vote your shares in person.

We appreciate your continued support of our Company.

Sincerely,

Roger J. Medel, M.D.

Chief Executive Officer

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PEDIATRIX MEDICAL GROUP, INC.

NOTICE OF 2008 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 23, 2008

To the Shareholders of

Pediatric Medical Group, Inc.:

NOTICE IS HEREBY GIVEN that the 2008 Annual Shareholders Meeting of Pediatric Medical Group, Inc., a Florida corporation (Pediatric), will be held at 10:00 a.m., local time, on Friday, May 23, 2008, at the Crowne Plaza Sawgrass Mills, 13400 W. Sunrise Boulevard, Sunrise, Florida 33323, for the following purposes, as more fully described in our proxy statement:

to elect nine Directors, each for a term expiring at the next annual meeting or until his successor has been duly elected and qualified;

to approve the Pediatric 2008 Incentive Compensation Plan;

to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2008 fiscal year; and

to consider and act upon such other business as may properly come before the annual meeting.

The Board of Directors of Pediatric has fixed the close of business on March 25, 2008 as the record date for determining those shareholders entitled to notice of, to attend and to vote at the meeting and any postponement or adjournment thereof.

This is an important meeting. All shareholders are invited to attend the meeting in person. Whether or not you plan to attend, please vote your shares over the Internet, as described in the Notice of Internet Availability of Proxy Materials (the E-Proxy Notice). As an alternative, if you received a paper copy of the proxy card by mail, please mark, sign, date and promptly return the proxy card in the self-addressed stamped envelope provided. You may also vote by telephone as described in your proxy card. Shareholders who vote over the Internet, following the instructions provided in the E-Proxy Notice, who return proxy cards by mail or vote by telephone prior to the meeting may nevertheless attend the meeting, revoke their proxies and vote their shares in person.

By Order of the Board of Directors,

Thomas W. Hawkins

Senior Vice President,

General Counsel and Secretary

Sunrise, Florida

April 8, 2008

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PEDIATRIX MEDICAL GROUP, INC.

1301 Concord Terrace

Sunrise, Florida 33323-2825

PROXY STATEMENT

We are furnishing this proxy statement and related materials to Pediatrix's shareholders as part of the solicitation of proxies by Pediatrix's Board of Directors for use at Pediatrix's 2008 Annual Shareholders' Meeting and at any postponement or adjournment of the meeting. In this proxy statement, we refer to Pediatrix Medical Group, Inc. as "Pediatrix," "we," "our" and the "Company."

Under rules and regulations that the Securities and Exchange Commission recently adopted, instead of mailing a printed copy of our proxy materials, which include our Proxy Statement and Annual Report, to all Pediatrix's shareholders, we are now furnishing our proxy materials to our shareholders over the Internet and providing a Notice of Internet Availability of Proxy Materials (the "E-Proxy Notice") by mail. The E-Proxy Notice will instruct you how you may access and review all of the important information contained in the proxy materials. The E-Proxy Notice also instructs you how you may submit your proxy via the Internet. You will not receive a printed copy of the proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the E-Proxy Notice.

We are mailing the E-Proxy Notice on or about April 8, 2008 to Pediatrix's shareholders of record on March 25, 2008.

QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING

What Is the Date, Time and Place of the Annual Meeting?

Pediatrix's 2008 Annual Shareholders' Meeting will be held on Friday, May 23, 2008, beginning at 10:00 a.m., local time, at the Crowne Plaza Sawgrass Mills, 13400 W. Sunrise Boulevard, Sunrise, Florida 33323.

What Is the Purpose of the Annual Meeting?

At the annual meeting, Pediatrix's shareholders will be asked to:

elect nine Directors, each for a term expiring at the next annual meeting or until his successor has been duly elected and qualified;

approve the Pediatrix 2008 Incentive Compensation Plan;

ratify the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2008 fiscal year; and

consider and act upon such other business as may properly come before the meeting.

Who Is Entitled to Vote at the Annual Meeting?

Only holders of record of Pediatrix common stock at the close of business on March 25, 2008, the record date for the meeting, are entitled to notice of, to attend and to vote at the annual meeting, or any postponements or adjournments of the meeting. At the close of business on the record date, 47,114,673 shares of Pediatrix common stock were issued and outstanding and were held by approximately 172 holders of record.

What Are the Voting Rights of Pediatrix's Shareholders?

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Pediatrix's shareholders have one vote per share of Pediatrix common stock owned on the record date for each matter properly presented at the annual meeting. For example, if you owned 100 shares of Pediatrix common stock on the close of business on March 25, 2008, you can cast 100 votes for each matter properly presented at the annual meeting.

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What Constitutes a Quorum?

A quorum will be present at the meeting if holders of a majority of the issued and outstanding shares of Pediatrix common stock on the record date are represented at the meeting in person or by proxy. If a quorum is not present at the meeting, Pediatrix expects to postpone or adjourn the meeting to solicit additional proxies. Abstentions, including broker non-votes (as described below), will be counted as shares present and entitled to vote for the purposes of determining the presence or absence of a quorum.

What Are Broker Non-Votes ?

Broker non-votes occur when shares held by a brokerage firm are not voted with respect to a proposal because the firm has not received voting instructions from the shareholder and the firm does not have the authority to vote the shares at its discretion. Under the rules of the New York Stock Exchange, brokerage firms may have the authority to vote their customers' shares on certain routine matters for which they do not receive voting instructions, including the uncontested election of directors and ratification of the appointment of independent auditors. The rules of the New York Stock Exchange, however, expressly prohibit brokerage firms from voting their customers' shares with respect to proposals to authorize the implementation of any equity compensation plan. Therefore, while brokerage firms may have the authority to vote all shares of our common stock that they hold with respect to the proposal to elect the Director nominees named in this proxy statement and the ratification of the appointment of independent auditors even if they do not receive specific voting instructions from their customers, brokerage firms may not vote such shares to approve the Pediatrix 2008 Incentive Compensation Plan. In addition, if other matters are properly brought before the meeting and they are not considered routine under the applicable New York Stock Exchange rules, shares held by brokerage firms will not be voted on such non-routine matters by the brokerage firms unless they have received voting instructions and, accordingly, any such shares will be broker non-votes.

How Are Abstentions and Broker Non-Votes Treated?

Abstentions and broker non-votes are counted as present for purposes of determining the presence of a quorum. Abstentions and broker non-votes will not be counted as votes cast either in favor of or against the election of the nominees for Director or the ratification of the appointment of our independent registered certified public accounting firm. With respect to the proposal to approve the Pediatrix 2008 Incentive Compensation Plan, for Florida corporate law purposes, abstentions and broker non-votes will have no effect on the outcome; however, pursuant to the New York Stock Exchange's interpretations of its stockholder approval policies, abstentions will have the same effect as votes against the proposal and broker non-votes will not be counted as votes cast.

Will My Shares Be Voted if I Do Not Provide My Proxy?

If your shares are held in the name of a brokerage firm, they may be voted by the brokerage firm (to the extent described above) even if you do not give the brokerage firm specific voting instructions. If you are a registered shareholder and hold your shares directly in your own name, your shares will not be voted unless you provide a proxy or fill out a written ballot in person at the meeting.

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How Do I Vote?

You can vote in any of the following ways.

To vote via the Internet:

Follow the instructions in the E-Proxy Notice; and

Vote your shares as instructed in the E-Proxy Notice.

To vote by mail if you are a registered shareholder who received a paper proxy card:

Mark, sign and date your proxy card; and

Return it in the envelope provided.

To vote if you hold in street name, follow the instructions of your bank or broker or vote in person as described below.

To vote in person if you hold in street name :

Attend our annual meeting;

Bring valid photo identification; and

Obtain a legal proxy from your bank or broker to vote the shares that are held for your benefit, attach it to your completed proxy card and deliver it in person.

To vote in person if you are a registered shareholder:

Attend our annual meeting;

Bring valid photo identification; and

Deliver your completed proxy card or ballot in person.

To vote by telephone, follow the instructions in your proxy card.

What Vote Is Required for the Proposals?

Assuming that a quorum is present at the annual meeting, Director nominees receiving the greatest number of affirmative votes from holders of Pediatrix common stock will be elected as Directors of Pediatrix.

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Assuming that a quorum is present, approval of the Pediatrix 2008 Incentive Compensation Plan will require the affirmative vote of a majority of the votes cast on the proposal at the annual meeting, provided that, pursuant to the New York Stock Exchange's stockholder approval policy, the total votes cast on the proposal represent over 50% of all shares of our common stock entitled to vote on the proposal. In addition, under the New York Stock Exchange's interpretations of its stockholder approval policies, abstentions will have the same effect as votes against the proposal and broker non-votes are considered shares entitled to vote but as to which votes were not cast.

Assuming that a quorum is present, ratification of the appointment of our independent registered certified public accounting firm requires a majority of the votes cast on the proposal at the annual meeting.

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How Does the Board of Directors Recommend I Vote on the Proposals?

The Board of Directors recommends that you vote:

FOR the election of each of the nominees for Director named in this proxy statement;

FOR approval of the Pediatrix 2008 Incentive Compensation Plan; and

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2008 fiscal year.

How Will My Proxy Holders Vote?

The enclosed proxy designates Roger J. Medel, M.D., our Chief Executive Officer, Thomas W. Hawkins, our Senior Vice President, General Counsel and Secretary, and Karl B. Wagner, our Chief Financial Officer, each with full power of substitution, to hold your proxy and vote your shares. Dr. Medel and Messrs. Hawkins and Wagner will vote all shares of Pediatrix common stock represented by proxies properly submitted via telephone, the Internet or properly executed proxies received in time for the annual meeting in the manner specified by the holders of those shares. Dr. Medel and Messrs. Hawkins and Wagner intend to vote all shares of Pediatrix common stock represented by proxies properly submitted via telephone, the Internet or that are properly executed by the record holder but otherwise do not contain voting instructions as follows:

FOR the election of each of the nominees for Director named in this proxy statement;

FOR approval of the Pediatrix 2008 Incentive Compensation Plan;

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for the 2008 fiscal year; and

in accordance with the recommendation of Pediatrix's Board of Directors, FOR or AGAINST all other matters as may properly come before the annual meeting.

Can I Change My Vote After I Have Voted?

Voting by telephone, over the Internet or by mailing a proxy card does not preclude a shareholder from voting in person at the meeting. A shareholder may revoke a proxy, whether submitted via telephone, the Internet or mailed, at any time prior to its exercise by filing with Pediatrix's corporate secretary a duly executed revocation of proxy, by properly submitting, either by telephone, mail or Internet, a proxy to Pediatrix's corporate secretary bearing a later date or by appearing at the meeting and voting in person. Attendance at the meeting will not itself constitute revocation of a proxy.

Who Pays for the Preparation of the Proxy Statement?

Pediatrix will bear the cost of the solicitation of proxies from its shareholders, including preparing, printing and mailing this Proxy Statement, should you request a printed copy of the proxy materials, and the E-Proxy Notice. In addition to solicitations by mail, Pediatrix's Directors, officers and employees, and those of its subsidiaries and affiliates, may solicit proxies from shareholders by telephone or other electronic means or in person but will receive no additional compensation for soliciting such proxies. Pediatrix will cause banks and brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Pediatrix common stock held of record by such banks, brokerage firms, custodians, nominees and fiduciaries. Pediatrix will reimburse such banks, brokerage firms, custodians, nominees and

fiduciaries for their reasonable out-of-pocket expenses in doing so.

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PROPOSAL 1: ELECTION OF PEDIATRIX S DIRECTORS

Pediatrix s Articles of Incorporation and Bylaws, each as amended and restated, provide that the number of directors constituting Pediatrix s Board of Directors will be determined from time to time by resolution adopted by Pediatrix s Board of Directors. Pediatrix s Board of Directors currently consists of nine members.

All of Pediatrix s incumbent Directors have been nominated by Pediatrix s Board of Directors as Directors to be elected at the annual meeting in 2008 by the holders of Pediatrix common stock.

The nominees for Director are as follows:

Roger J. Medel, M.D., who has served as a Director since 1979;

Cesar L. Alvarez, who has served as Chairman of the Board of Directors since May 2004 and as a Director since March 1997;

Waldemar A. Carlo, M.D., who has served as a Director since June 1999;

Michael B. Fernandez, who has served as a Director since October 1995;

Roger K. Freeman, M.D., who has served as a Director since May 2002;

Paul G. Gabos, who has served as a Director since November 2002;

Pascal J. Goldschmidt, M.D., who has served as a Director since March 2006;

Manuel Kadre, who has served as a Director since May 2007; and

Enrique J. Sosa, Ph.D., who has served as a Director since May 2004.

Please see below under Directors, Executive Officers and Key Employees for the biographies of these nominees for Director.

Each Director elected will serve for a term expiring at Pediatrix s 2009 Annual Meeting of Shareholders, which is expected to be held in May 2009, or until his successor has been duly elected and qualified.

Pediatrix s Board of Directors has no reason to believe that any nominee will refuse to act or be unable to accept election; however, in the event that a nominee for a directorship is unable to accept election or if any other unforeseen contingencies should arise, proxies will be voted for the remaining nominees and for such other person as may be designated by Pediatrix s Board of Directors, unless the proxies provide otherwise.

If a quorum is present and voting at the annual meeting, the nine nominees receiving the highest number of votes FOR election will be elected to the Board of Directors of Pediatrix. Proxies will be voted FOR all such nominees absent contrary instructions.

Pediatrix s Board of Directors Recommends a Vote For the Election of Each of the Nine Nominees for Director.

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GOVERNANCE AND RELATED MATTERS

Our business, property and affairs are managed under the direction of our Board of Directors, except with respect to those matters reserved for our shareholders. Our Board of Directors establishes our overall corporate policies, reviews the performance of our senior management in executing our business strategy and managing our day-to-day operations and acts as an advisor to our senior management. Our Board of Directors' mission is to further the long-term interests of our shareholders. Members of the Board of Directors are kept informed of Pediatrix's business through discussions with Pediatrix's management, primarily at meetings of the Board of Directors and its committees, and through reports and analyses presented to them. Significant communications between our Directors and senior management occur apart from such meetings.

Questions and Answers About Our Corporate Governance Practices

What Committees Have Our Board of Directors Established?

The standing committees of Pediatrix's Board of Directors are the Executive Committee, the Medical Science and Technology Committee, the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Copies of the charters for these committees, as well as our corporate governance principles, are available on our website at www.pediatrix.com. Our Internet website and the information contained therein, other than material expressly referred to in this proxy statement, or connected thereto are not incorporated into this proxy statement. A copy of our committee charters and corporate governance principles are also available upon request from Pediatrix's Secretary at 1301 Concord Terrace, Sunrise, FL 33323.

How Many Times Did Our Board of Directors Meet During 2007?

During 2007, Pediatrix's Board of Directors held 10 meetings and took various actions by unanimous written consent. Committees of the Board of Directors held a combined total of 14 meetings and also took action by unanimous written consent. Each incumbent Director attended at least 75% of the total number of meetings of Pediatrix's Board of Directors and its committees held during 2007 during the period he was a member thereof. Although Pediatrix has no formal policy with respect to its Directors' attendance at Pediatrix's annual shareholders' meetings, in 2007 all of our incumbent Directors attended the annual shareholders' meeting except Mr. Fernandez.

Are a Majority of Our Directors Independent?

Our Board of Directors has reviewed information about each of our non-employee Directors and made the determination that we have a majority of independent Directors on our Board of Directors. In arriving at this conclusion, our Board of Directors made the affirmative determination that each of Drs. Carlo and Freeman and Messrs. Alvarez, Fernandez, Gabos, Sosa and Kadre met the Board of Directors' previously adopted categorical standards for determining independence in accordance with the New York Stock Exchange's corporate governance rules. Our adopted categorical standards for determining independence in accordance with the New York Stock Exchange's corporate governance rules are contained in our corporate governance principles, a copy of which is available on our website at www.pediatrix.com.

Who Is the Chairman of the Board or Presiding Director ?

Following each annual meeting of the shareholders, Pediatrix's Board of Directors designates a non-management Director as Chairman of the Board or, alternatively, as Presiding Director. In addition to other responsibilities, the Chairman of the Board or Presiding Director presides over meetings of our non-management Directors. At least once a year, the Chairman of the Board or Presiding Director also presides over meetings of our independent directors. Following our 2007 annual meeting of the shareholders, our Board of Directors appointed Mr. Alvarez to serve as Chairman of the Board.

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How Can Shareholders Communicate with the Board of Directors?

Anyone who has a concern about Pediatrix's conduct, including accounting, internal accounting controls or audit matters, may communicate directly with our Chairman of the Board of Directors (or Presiding Director), our non-management Directors, the Chairman of the Audit Committee or the Audit Committee. Such communications may be confidential or anonymous, and may be submitted in writing to the Chief Compliance Officer, Pediatrix Medical Group, Inc., 1301 Concord Terrace, Sunrise, Florida 33323 or reported by phone at 877-835-5764. All such concerns will be forwarded to the appropriate Directors for their review, and will be simultaneously reviewed and addressed by Pediatrix's General Counsel or Chief Compliance Officer in the same way that other concerns are addressed by us. Pediatrix's Code of Conduct, which is discussed below, prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

Has Pediatrix Adopted a Code of Conduct?

Pediatrix has adopted a Code of Conduct that applies to all Directors, officers, employees and independent contractors of Pediatrix and its affiliated medical practices. Pediatrix intends to disclose any amendments to, or waivers from, any provision of the Code that applies to any of Pediatrix's executive officers or Directors by posting such information on our website at www.pediatrix.com.

Pediatrix has also adopted a Code of Professional Conduct – Finance that applies to all employees with access to, and responsibility for, matters of finance and financial management, including Pediatrix's Chief Executive Officer and Chief Financial Officer. Pediatrix intends to disclose any amendments to, or waivers from, any provision of the Code that applies to any of Pediatrix's Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller or persons performing similar functions by posting such information on our website at www.pediatrix.com.

The text of our Code of Conduct and the Code of Professional Conduct – Finance is available on our website at www.pediatrix.com and upon request from Pediatrix's Secretary at 1301 Concord Terrace, Sunrise, FL 33323.

Report of the Audit Committee

The following report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of Pediatrix's filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), except to the extent that we specifically incorporate such report by reference.

We act under a written charter that has been adopted by Pediatrix's Board of Directors. While we have the responsibilities set forth in this charter, it is not our duty to plan or conduct audits or to determine that Pediatrix's financial statements are complete, accurate or in compliance with generally accepted accounting principles. This is the responsibility of Pediatrix's management and independent auditors.

Our primary function is to assist the Board of Directors in their evaluation and oversight of the integrity of Pediatrix's financial statements, the qualifications and independence of Pediatrix's independent auditors and the performance of Pediatrix's audit functions. In addition, while we are also responsible for assisting the Board of Directors in their evaluation and oversight of Pediatrix's compliance with applicable laws and regulations, it is not our duty to assure compliance with such laws and regulations or Pediatrix's Compliance Plan and related policies.

We also oversee Pediatrix's auditing, accounting and financial reporting processes generally. Management is responsible for Pediatrix's financial statements and the financial reporting process, including the system of

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internal controls. We also review the preparation by management of Pediatrix's quarterly and annual financial statements. Pediatrix's independent auditors, who are accountable to us, are responsible for expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Pediatrix in conformity with generally accepted accounting principles in the United States. Pediatrix's independent auditors are also responsible for auditing and reporting on the effective operation of Pediatrix's internal control over financial reporting. We are responsible for retaining Pediatrix's independent auditors, and maintain sole responsibility for their compensation, oversight and termination. We also are responsible for pre-approving all non-audit services to be provided by the independent auditors, and on an annual basis discussing with the independent auditors all significant relationships they have with Pediatrix to determine their independence. In addition, we concluded in July 2007 a comprehensive review of our historical practices related to the granting of stock options.

In fulfilling our oversight role, we met and held discussions with Pediatrix's management and independent auditors. Management advised us that Pediatrix's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and we reviewed and discussed the consolidated financial statements for the fiscal year ended December 31, 2007. In addition, we reviewed and discussed the Management's Discussion and Analysis of Financial Condition and Results of Operations sections of Pediatrix's periodic reports, key accounting and reporting issues and the scope, adequacy and assessments of Pediatrix's internal controls and disclosure controls and procedures with management and Pediatrix's independent auditors. We discussed privately with the independent auditors matters deemed significant by the independent auditors, including those matters required to be discussed pursuant to *Statement on Auditing Standards No. 114 (The Auditor's Communication with Those Charged with Governance)*, as adopted by the Public Company Accounting Oversight Board.

The independent auditors also provided us with the written disclosures and the letter required by *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees)*, as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and we discussed with the independent auditors matters relating to their independence. We also reviewed a report by the independent auditors describing the firm's internal quality-control procedures and any material issues raised in the most recent internal-quality control review or external peer review or inspection performed by the Public Company Accounting Oversight Board.

Based on our review with management and the independent auditors of Pediatrix's audited consolidated financial statements and internal controls over financial reporting and the independent auditors' report on such financial statements and their evaluation of Pediatrix's internal controls over financial reporting, and based on the discussions and written disclosures described above and our business judgment, we recommended to the Board of Directors that the Company's audited consolidated financial statements for the fiscal year ended December 31, 2007 be included in Pediatrix's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Board of Directors.

Paul G. Gabos

Manuel Kadre

Enrique J. Sosa

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Compensation Committee Report

The following report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of Pediatrix's filings under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate such report by reference.

In fulfilling our role, we met and held discussions with Pediatrix's management and reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement on Schedule 14A. Based on the review and discussions with management and our business judgment, we recommended to Pediatrix's Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement on Schedule 14A for filing with the Securities and Exchange Commission.

Submitted by the Compensation Committee of the Board of Directors.

Michael B. Fernandez

Waldemar A. Carlo, M.D.

Roger K. Freeman, M.D.

Table of Contents**DIRECTORS, EXECUTIVE OFFICERS AND KEY EMPLOYEES****Description of Pediatrx's Executive Officers and Directors**

Pediatrx's executive officers and Directors are as follows:

Name	Age	Position with Pediatrx
Roger J. Medel, M.D. (1)	61	Chief Executive Officer and Director
Cesar L. Alvarez (1)	60	Chairman of the Board of Directors
Waldemar A. Carlo, M.D. (3) (5)	55	Director
Michael B. Fernandez (3) (4)	55	Director
Roger K. Freeman, M.D. (3) (4) (5)	72	Director
Paul G. Gabos (1) (2)	43	Director
Pascal J. Goldschmidt, M.D. (5)	53	Director
Manuel Kadre (2)	42	Director
Enrique J. Sosa, Ph.D. (2) (4)	68	Director
Joseph M. Calabro	47	President and Chief Operating Officer
Thomas W. Hawkins	46	Senior Vice President, General Counsel and Secretary
Karl B. Wagner	42	Chief Financial Officer and Treasurer

- (1) Member of the Executive Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Nominating and Corporate Governance Committee.
- (5) Member of the Medical Science and Technology Committee.

Roger J. Medel, M.D. has been a Director of Pediatrx since he co-founded the Company in 1979. Dr. Medel served as Pediatrx's President until May 2000 and as Chief Executive Officer until December 2002. In March 2003, Dr. Medel reassumed the position of President, serving in that position until May 2004, and Chief Executive Officer, a position in which he continues to serve today. Dr. Medel is a member of the Board of Trustees of the University of Miami and a member of the Board of Directors of MBF Healthcare Acquisition Corp. Dr. Medel participates as a member of several medical and professional organizations.

Cesar L. Alvarez was elected as Chairman of the Board of Directors in May 2004 and has been a Director since March 1997. Mr. Alvarez has served since 1997 as the Chief Executive Officer of the international law firm of Greenberg Traurig, P.A. Mr. Alvarez also serves on the Board of Directors of Watsco, Inc.

Waldemar A. Carlo, M.D. was elected as a Director in June 1999. Dr. Carlo has served as Professor of Pediatrics and Director of the Division of Neonatology at the University of Alabama School of Medicine since 1991. Dr. Carlo also has served as Director of Newborn Nurseries at the University of Alabama Medical Center and the Children's Hospital of Alabama since 1991. Dr. Carlo participates as a member of several medical and professional organizations. He has received numerous research awards and grants and has lectured extensively, both nationally and internationally.

Michael B. Fernandez was elected as a Director in October 1995. Mr. Fernandez has served as Chairman and is and has been a Managing Director of MBF Healthcare Partners, L.P., a private equity firm focused on investing in healthcare service companies, since February 2005 and has been Chairman and Chief Executive Officer of MBF Healthcare Acquisition Corp. since June 2006. He is also the Chairman of Navarro Discount Pharmacies, LLC. Mr. Fernandez previously served as Chairman and Chief Executive Officer of CarePlus Health Plans Inc., a managed care HMO, from January 2003 until February 2005, and as Chairman and Chief Executive Officer of Physicians Healthcare Plans, Inc., a Florida-based HMO, from 1992 until December 2002. Presently, Mr. Fernandez also serves on the Board of Directors of various private entities, including Healthcare Atlantic, Inc., a holding company that operates various health care entities.

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Roger K. Freeman, M.D. was elected as a Director in May 2002. Dr. Freeman is a maternal-fetal medicine physician. In 1975, he founded Perinatal Associates of Southern California, a physician practice group that has been affiliated with Pediatrix since we acquired Magella Healthcare Corporation (Magella) in May 2001. In September 1999, Dr. Freeman retired from the private practice of medicine. Dr. Freeman has served on many national and local OB/GYN and maternal-fetal organizations. He is currently a member of the Long Beach Memorial Medical Center Foundation Board and serves on the Board of Directors of Todd Cancer Institute at Long Beach Memorial Hospital. Dr. Freeman has authored numerous articles and three books.

Paul G. Gabos was elected as a Director in November 2002. Mr. Gabos has served as Chief Financial Officer of Lincare Holdings Inc. since June 1997 and previously served as Vice President Administration for Lincare. Prior to joining Lincare in 1993, Mr. Gabos worked for Coopers & Lybrand and for Dean Witter Reynolds, Inc.

Pascal J. Goldschmidt, M.D. was elected as a Director in March 2006. Dr. Goldschmidt has been the Senior Vice President for Medical Affairs and Dean of the University of Miami Leonard M. Miller School of Medicine since April 2006. Previously, Dr. Goldschmidt was a faculty member with the Department of Medicine at Duke University Medical Center where he served as Chairman from 2003 to 2006 and as Chief of the Division of Cardiology from 2000 to 2003. Dr. Goldschmidt currently serves on the Board of Directors of Opko Health, Inc.

Manuel Kadre was elected as a Director in May 2007. Mr. Kadre has served since 1995 as Vice President, General Counsel and Secretary of CCI Companies, Inc., which distributes Coca-Cola and other beverage products in markets throughout the Caribbean. Mr. Kadre also serves on the Board of Directors of Equity Media Holdings Corporation, the Board of Trustees of the University of Miami and on the Board of Governors of University of Miami Hospital.

Enrique J. Sosa, Ph.D. was elected as a Director in May 2004. Mr. Sosa is currently a Director of FMC Corporation and Northern Trust Corporation. Mr. Sosa, who is presently retired, served as President of BP Amoco Chemicals from January 1999 to April 1999. From 1995 to 1998, he was Executive Vice President of Amoco Corporation. Prior to joining Amoco, Mr. Sosa served as Senior Vice President of The Dow Chemical Company, President of Dow North America and a member of its Board of Directors.

Joseph M. Calabro joined Pediatrix in January 1996 as Chief Information Officer. In January 2000, Mr. Calabro was appointed Executive Vice President, Management, in May 2000, he was appointed Chief Operating Officer and in May 2004, he was appointed President. Prior to joining Pediatrix, Mr. Calabro served as Director of Information Technology for the Ambulatory Surgery Group of Columbia/HCA. He served in various operational and technology positions for various healthcare companies from 1987 to 1994.

Thomas W. Hawkins joined Pediatrix in May 2003 and became Senior Vice President, General Counsel and Secretary in June 2003. From January 2000 to April 2003, he was a partner with New River Capital Partners, L.P., a private equity firm. Mr. Hawkins previously served as Senior Vice President, Corporate Development at AutoNation, Inc., from June 1996 to December 1999. From 1994 to 1996, Mr. Hawkins was Executive Vice President Administration of Blockbuster Entertainment Group, a division of Viacom, Inc. He served as General Counsel at Blockbuster Entertainment Corporation prior to its merger with Viacom, Inc. in 1994.

Karl B. Wagner joined Pediatrix in May 1997 and was appointed Chief Financial Officer and Treasurer in August 1998. Prior to his appointment, Mr. Wagner served as Pediatrix's Controller. Prior to joining Pediatrix, Mr. Wagner was Chief Financial Officer for the East Region of Columbia/HCA's Ambulatory Surgery Group from January 1995 until May 1997. From July 1993 through January 1995, Mr. Wagner was Assistant Controller of Medical Care International, Inc., a subsidiary of Medical Care America, Inc.

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Description of Certain Key Employees

The following individuals, while not executive officers for purposes of the federal securities laws, are key employees of Pediatrix:

Robert J. Balcom, M.D. joined Pediatrix in 1993 and has been our Regional President, Central Region since January 2002. Dr. Balcom previously served as our Vice President of Medical Operations, Central Region. Dr. Balcom is Board Certified in Pediatrics and Neonatal-Perinatal Medicine.

Robert C. Bryant joined Pediatrix in 1996 and has been our Senior Vice President and Chief Information Officer since February 2004. Mr. Bryant previously served as our Vice President, Information Systems from January 2000 to January 2004 and as Director, Information Service from 1997 to January 2000.

David A. Clark joined Pediatrix in May 2001 and has been our Senior Vice President, Operations since December 2003. Mr. Clark previously served as Vice President of Operations, South Central Region from November 2001 to November 2003. From June 2000 to October 2001, Mr. Clark was Vice President of Operations for Magella, which we acquired in 2001, and prior thereto he was Vice President of Development for Magella. Mr. Clark is a certified public accountant.

William C. Hawk joined Pediatrix as a consultant in 2005 and has been our Senior Vice President of Operations, Anesthesia Services since May 2006. Prior to joining Pediatrix, Mr. Hawk founded and served as Chief Executive Officer of SHC Companies, Inc., a healthcare services company, and was a Senior Vice President with Medical Care America, Inc. from 1992 to 1995.

Eric H. Kurzweil, M.D. joined Pediatrix in 1996 and has been our Regional President, Mountain Region since January 2002. Dr. Kurzweil previously served as our Vice President of Medical Operations, Mountain Region. Dr. Kurzweil is Board Certified in Pediatrics and Pediatric Critical Care.

Frederick V. Miller, M.D. joined Pediatrix in 1991 and has been our Regional President, Atlantic Region since January 2002. Dr. Miller previously served as our Vice President of Medical Operations, Atlantic Region. Dr. Miller is Board Certified in Pediatrics and Neonatal-Perinatal Medicine.

Carlos A. Perez, M.D. joined Pediatrix in 1986 and has been our Regional President, Caribbean Region since January 2002. Dr. Perez previously served as our Vice President of Medical Operations, Caribbean Region. Dr. Perez is Board Certified in Pediatrics, Neonatal-Perinatal Medicine and Pediatric Critical Care.

John F. Rizzo joined Pediatrix in November 2002 as Senior Vice President, Business Development. Prior to joining Pediatrix, Mr. Rizzo served in strategic and financial executive roles with early stage, venture capital-backed companies. From 1996 to 2000, Mr. Rizzo was a sen