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PEDIATRIX MEDICAL GROUP INC

Form 11-K

November 15, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

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

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996].

For the fiscal year ended December 31, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from _____ to _____

Commission file number 0-26762

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: PEDIATRIX MEDICAL GROUP, INC. THRIFT AND PROFIT SHARING PLAN

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

PEDIATRIX MEDICAL GROUP, INC.
1301 Concord Terrace
Sunrise, Florida 33323-2825

EXPLANATORY NOTE

Pursuant to General Instruction A.2 to Form S-8, this Annual Report on Form 11-K is being filed concurrently with the filing of the Registration Statement on Form S-8 of Pediatrix Medical Group, Inc. in respect of the Pediatrix Medical Group, Inc. Amended and Restated Thrift and Profit Sharing Plan.

PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

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as of December 31, 2001 and 2000

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Schedule of Assets Held for Investment Purposes as of December 31, 2001

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Participants and Plan Administrator of the
Pediatrix Medical Group Thrift and Profit Sharing Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Pediatrix Medical Group Thrift and Profit Sharing Plan (the "Plan") at December 31, 2001 and 2000, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets Held for Investment Purposes as of December 31, 2001 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic

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financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Ft. Lauderdale, Florida

June 14, 2002

PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2001 AND 2000

ASSETS:	2001

Investments, at fair value (see Note 3)	\$ 41,486,2
Receivables:	
Employer contributions	2,712,8
Participant contributions	395,2
 LIABILITIES:	
Distribution payable	(1,37

Net assets available for benefits	\$ 44,592,9

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

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PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001

Additions to net assets attributed to:	
Investment income:	
Interest and dividend income	\$ 792,53
Net depreciation in the fair value of investments	(3,574,89

Net investment (loss) income	(2,782,36

Contributions:	
Employer	2,712,8
Participants	6,981,2

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Total contributions	9,694,1
Total additions	6,911,7
Deductions from net assets attributed to: Benefits paid to participants	2,684,1
Total deductions	2,684,1
Net increase	4,227,6
Net assets available for benefits: Beginning of year	40,365,3
End of year	\$ 44,592,9

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

PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2001 AND 2000

1. DESCRIPTION OF PLAN

Pediatrix Medical Group, Inc. (the "Company") sponsors the Pediatrix Medical Group Thrift and Profit Sharing Plan (the "Plan") which was adopted January 1, 1991.

Effective January 2001, the Company amended the Plan to include the Fidelity Management Trust Company's Income Fund, Freedom 2000 Fund, Freedom 2010 Fund, Freedom 2020 Fund, Freedom 2030 Fund and Freedom 2040 Fund as additional investment options.

The following description of the Plan is provided for general information purposes only. More complete information regarding items such as vesting, benefit provisions and plan termination may be found in the Plan document which is available to all participants upon request.

General

The Plan is a defined contribution plan covering substantially all of the Company's eligible employees and the employees of the professional associations whose operations are consolidated with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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Contributions

The Company may, at the discretion of its Board of Directors, make contributions to the Plan. Participants may make voluntary pre-tax contributions, not to exceed 20 percent of the participant's compensation. Such contributions are excluded from the participant's taxable income for federal income tax purposes until received as a withdrawal or distribution from the Plan. Contributions are subject to certain limitations. The maximum pre-tax contribution allowed during 2001 and 2000 was \$10,500. Effective April 2000, the Company amended the Plan to include after tax contributions. In addition to any pre-tax contributions, participants may make after tax contributions, not to exceed 10 percent of the participant's compensation.

Participant Accounts

Contributions to the Plan are invested at participants' discretion in 22 separate Fidelity Management Trust Company ("Fidelity") investment funds as follows:

- o Fidelity Fund - invests in common stock of large companies.
- o Puritan Fund - invests in diversified portfolio of domestic and foreign common stocks, preferred stocks and bonds.
- o Contrafund - invests in common stocks of undervalued companies.
- o Investment Grade BD Fund - invests in investment-grade, fixed-income securities.
- o Growth and Income Fund - invests in U.S. and foreign stocks.
- o Overseas Fund - invests in foreign securities.

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PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

- o Blue Chip Fund - invests in diversified portfolio of common stocks of established domestic and foreign companies considered industry leaders.
- o Worldwide Fund - invests in securities issued anywhere in the world.
- o Equity Income II Fund - invests in income-producing domestic and foreign equity securities.
- o Ginnie Mae Fund - invests in U.S. Government securities and instruments related to U.S. Government securities.
- o Managed Income Portfolio - invests in investment contracts offered by major insurance companies and other approved financial institutions and in certain types of fixed income securities.
- o Spartan U.S. Equity Index Fund - invests mainly in common stocks included in the S&P 500 and lending securities.

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- o Retirement Money Market Fund - invests in high quality, short-term money market securities.
- o Pediatrx Stock Fund - invests in the Company's common stock purchased in the open market.
- o Neuberger & Berman Genesis Trust Fund - invests mainly in common stocks of companies of any size focusing on specific sections.
- o Invesco Dynamics Fund - invests primarily in common stocks of U.S. companies traded on national securities exchanges and over-the counter.
- o Freedom Income Fund - invests in Fidelity stock, bond, and money market mutual funds.
- o Freedom 2000 Fund - invest approximately 41%, 44% and 15% in Fidelity stock, bond, and money market mutual funds, respectively.
- o Freedom 2010 Fund - invests approximately 65%, 33% and 2% in Fidelity stock and bond mutual funds, respectively.
- o Freedom 2020 Fund - invests approximately 80% and 20% in Fidelity stock and bond mutual funds, respectively.
- o Freedom 2030 Fund - invests approximately 84% and 16% in Fidelity stock and bond mutual funds, respectively.
- o Freedom 2040 Fund - invests approximately 90% and 10% in Fidelity stock mutual funds and bond mutual funds, respectively.

Each participant's account is credited with the participant's contribution and an allocation of Company's contributions, investments earnings less expenses and forfeitures. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Payment of Benefits

Upon normal retirement, death, disability or termination, participants may elect to receive their vested account balance as a lump-sum distribution; or have their account balance transferred to an individual retirement account or other qualified plan.

PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the portion of their accounts related to the Company's contribution plus related earnings is based on years of credited service. A participant is fully vested after three years of credited service as follows:

Vested

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Years of Service -----	Percentage -----
Less than 1	0%
1	30%
2	60%
3	100%

Participants Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of 50 percent of their account balance or \$50,000 reduced by the highest outstanding loan balance in their account during the prior twelve month period. The loans are collateralized by the balance in the participant's account and bear interest at nine percent, which is commensurate with local prevailing rates as determined by the Plan Administrator. Principal and interest is paid ratably through at least quarterly payroll deductions and are required to be paid within five years.

Forfeitures

Forfeitures of the nonvested portion of participant's accounts related to the Company's contribution are used to offset future Company contributions.

Plan Termination

While the Company has not expressed any intent to terminate the Plan, it reserves the right at any time to amend, modify or terminate the Plan without the consent of any participant or beneficiary. In the event of such termination, the Plan provides that the participants shall become 100 percent vested in their accounts, including all employer contributions.

Plan Administration

The Plan is administered by certain employees of the Company (the "Plan Administrator"). The Plan's assets are maintained by Fidelity, as trustee.

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PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Investments

Investments are reported at fair value as determined by the trustee. If available, quoted market prices are used to value investments. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in fair value of

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investments which consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments. All investment transactions are recorded by the Plan as of the trade date. Gains or losses on sale of investments are determined by the specific identification method. Interest income is recorded as earned on an accrual basis. Dividends are recorded on the ex-dividend rate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for various investment options. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Other

All costs incurred in administering the Plan are paid by the Company except for certain broker fees that are paid out of the various Fidelity funds.

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PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001 AND 2000

3. INVESTMENTS

The following presents investments that represent 5 percent or more of the Plan's net assets at December 31 as follows at fair value:

DESCRIPTION OF INVESTMENT -----	2001 -----	2000 -----
Fidelity Fund	\$2,768,955	\$2,966,712
Puritan Fund	2,507,730	2,180,848
Contrafund	5,008,107	4,924,068
Growth and Income Fund	6,019,300	5,705,192
Blue Chip Fund	6,420,095	6,925,660
Equity Income II Fund	3,284,039	3,151,181
Retirement Money Market Fund	2,595,797	*
Pediatrix Stock Fund	3,603,714	2,653,832

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* Did not represent 5 percent or more of the Plan's net assets at December 31, 2000.

4. INFORMATION CERTIFIED BY TRUSTEE

The Plan Administrator has received certification from Fidelity, trustee for the Plan for the years ending December 31, 2001 and 2000, as to all data appearing in the financial statements and supplemental schedule (including data regarding investments appearing in Note 3) except for the following:

- o Determination of amounts to be contributed by the Company and the participants;
- o Determination of the amounts of benefits and distributions paid to participants;
- o Tax status; and
- o Plan description and Plan amendments.

5. TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated April 16, 1997, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and currently being operated in compliance with the applicable provisions of the IRC.

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PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001 AND 2000

6. DISTRIBUTION PAYABLE

Distribution payable pertains to participant pre-tax contributions which exceed the maximum annual dollar limit as established by the IRC. During the years ending December 31, 2001 and 2000, the Plan failed one of the discrimination tests and at December 31, 2001 and 2000, respectively, the Plan had a liability for excess contributions of \$1,371 and \$1,198, respectively. Such amounts were refunded to the participants by April 15, 2002 and April 15, 2001, respectively, in order to bring the Plan into compliance with the IRC.

7. PARTY-IN-INTEREST TRANSACTIONS

The Plan's investments are shares of mutual funds administered by Fidelity. Fidelity is the trustee as defined in the Plan and, therefore, these transactions qualify as party-in-interest. Participants' loans are granted and administered by Fidelity and,

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therefore, these loans transactions qualify as party-in-interest. The PEDIATRIX Stock Fund invests in the Company's common stock and, therefore, these investment transactions qualify as party-in-interest. All fees and expenses of the Plan for legal, accounting, recordkeeping and other administrative services are paid by the Company.

8. RECONCILIATIONS OF FINANCIAL STATEMENTS TO FORM 5500

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

	2001

Net assets available for benefits per the financial statements	\$44,592,984
Less: Benefit claims payable	(4,871)

Net assets available for benefits per the Form 5500	\$44,588,113
	=====

Benefit claims payable are recorded on the Form 5500 for distribution requested by participants prior to year-end, but not yet returned as of that date.

PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2001 AND 2000

9. SUBSEQUENT EVENT

Effective January 1, 2002, the 401(k) Plan of Magella Healthcare, Inc. (the "Magella Plan") merged with the Plan. As a result, all assets of the Magella Plan were transferred to the Plan on such date. All participants of the Magella Plan received full carryover of service upon the merger.

PEDIATRIX MEDICAL GROUP THRIFT AND PROFIT SHARING PLAN
 SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
 AS OF DECEMBER 31, 2001

(a)

(b) IDENTITY OF ISSUER, BORROWER,
 LESSOR OR SIMILAR PARTY

(c) DESCRIPTION OF INVESTMENT INCLUDING MA
 DATE, RATE OF INTEREST, COLLATERAL, PAR OR MA

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* Fidelity Management Trust Company	Fidelity Fund
* Fidelity Management Trust Company	Puritan Fund
* Fidelity Management Trust Company	Contrafund
* Fidelity Management Trust Company	Investment Grade BD Fund
* Fidelity Management Trust Company	Growth and Income Fund
* Fidelity Management Trust Company	Overseas Fund
* Fidelity Management Trust Company	Blue Chip Fund
* Fidelity Management Trust Company	Worldwide Fund
* Fidelity Management Trust Company	Equity Income II Fund
* Fidelity Management Trust Company	Retirement Money Market Fund
* Fidelity Management Trust Company	Pediatrix Stock Fund
* Fidelity Management Trust Company	Invesco Dynamics Fund
* Fidelity Management Trust Company	Neuberger & Berman Genesis Trust Fund
* Fidelity Management Trust Company	Ginnie Mae Fund
* Fidelity Management Trust Company	Managed Income Portfolio
* Fidelity Management Trust Company	Spartan U.S. Equity Index Fund
* Fidelity Management Trust Company	Freedom Income Fund
* Fidelity Management Trust Company	Freedom 2000 Fund
* Fidelity Management Trust Company	Freedom 2010 Fund
* Fidelity Management Trust Company	Freedom 2020 Fund
* Fidelity Management Trust Company	Freedom 2030 Fund
* Fidelity Management Trust Company	Freedom 2040 Fund
* Participants' loans receivable	Loans to participants, 9%, various maturities

* Represents a party-in-interest.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PEDIATRIX MEDICAL GROUP
THRIFT AND PROFIT SHARING PLAN

Date: November 14, 2002

By: /s/ Karl B. Wagner

Name: Karl B. Wagner
Title: Chief Financial Officer,
Sponsor

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EXHIBIT INDEX

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Exhibit No. -----	Document Description -----
23.1*	Consent of PricewaterhouseCoopers LLP

* Filed herewith.