

MEDNAX, INC.  
Form DEF 14A  
March 29, 2019  
Table of Contents

**UNITED STATES**  
**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 (Amendment No. )**

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

**MEDNAX, INC.**

**(Name of Registrant as Specified In Its Charter)**

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



## Edgar Filing: MEDNAX, INC. - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**Table of Contents**

1301 Concord Terrace

Sunrise, Florida 33323-2825

(954) 384-0175

March 29, 2019

Dear MEDNAX Shareholder:

You are cordially invited to attend the 2019 Annual Shareholders Meeting of MEDNAX, Inc. ( MEDNAX ) on Thursday, May 16, 2019, beginning at 9:30 a.m. (ET) at the Bonaventure Resort & Spa, 250 Racquet Club Road, Weston, Florida 33326.

At the annual meeting, we will ask you to vote on the election of Roger J. Medel, M.D., Cesar L. Alvarez, Karey D. Barker, Waldemar A. Carlo, M.D., Michael B. Fernandez, Paul G. Gabos, Pascal J. Goldschmidt, M.D., Manuel Kadre, Carlos A. Migoya, Michael A. Rucker and Enrique J. Sosa, Ph.D. to MEDNAX's Board of Directors, to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year, to conduct an advisory vote regarding executive compensation, to approve the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended, 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 eleven nominees for Director stated above, FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year, FOR the approval of the compensation of our named executive officers, and FOR approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended.

Under the rules of the Securities and Exchange Commission (the SEC ), we are providing 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 5, 2019, to MEDNAX's shareholders of record at the close of business on March 11, 2019. The E-Proxy Notice contains instructions for your use of this 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.

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*

Table of Contents

**MEDNAX, INC.**

**NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 16, 2019**

To the Shareholders of MEDNAX, Inc.:

NOTICE IS HEREBY GIVEN that the 2019 Annual Shareholders Meeting of MEDNAX, Inc., a Florida corporation ( MEDNAX ), will be held at 9:30 a.m., ET, on Thursday, May 16, 2019, at the Bonaventure Resort & Spa, 250 Racquet Club Road, Weston, Florida 33326, for the following purposes, as more fully described in our Proxy Statement:

to elect Roger J. Medel, M.D., Cesar L. Alvarez, Karey D. Barker, Waldemar A. Carlo, M.D., Michael B. Fernandez, Paul G. Gabos, Pascal J. Goldschmidt, M.D., Manuel Kadre, Carlos A. Migoya, Michael A. Rucker and Enrique J. Sosa, Ph.D. as Directors, each for a term expiring at the next annual meeting or until his or her successor has been duly elected and qualified;

to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year;

to conduct an advisory vote approving MEDNAX s executive compensation;

to approve the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended; and

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

The Board of Directors of MEDNAX has fixed the close of business on March 11, 2019, 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.

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,

Dominic J. Andreano

Senior Vice President,

General Counsel and Secretary

Sunrise, Florida

March 29, 2019



**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING</u>	1
<u>What Is the Date, Time and Place of the Annual Meeting?</u>	1
<u>What Is the Purpose of the Annual Meeting?</u>	1
<u>Who Is Entitled to Vote at the Annual Meeting?</u>	2
<u>What Are the Voting Rights of MEDNAX's Shareholders?</u>	2
<u>What Constitutes a Quorum?</u>	2
<u>What Are Broker Non-Votes ?</u>	2
<u>How Are Abstentions and Broker Non-Votes Treated?</u>	2
<u>Will My Shares Be Voted if I Do Not Provide My Proxy?</u>	2
<u>How Do I Vote?</u>	3
<u>What Vote Is Required for the Proposals?</u>	3
<u>How Does the Board of Directors Recommend I Vote on the Proposals?</u>	4
<u>How Will My Proxy Holders Vote?</u>	4
<u>Can I Change My Vote After I Have Voted?</u>	4
<u>Who Pays for the Preparation of the Proxy Statement?</u>	4
<u>PROPOSAL 1: ELECTION OF MEDNAX'S DIRECTORS</u>	5
<u>GOVERNANCE AND RELATED MATTERS</u>	6
<u>Questions and Answers About Our Corporate Governance Practices</u>	6
<u>What Committees Have Our Board of Directors Established?</u>	6
<u>How Many Times Did Our Board of Directors Meet During 2018?</u>	6
<u>Are a Majority of Our Directors Independent?</u>	6
<u>Who Are the Chairman of the Board and Lead Independent Director ?</u>	7
<u>What Role Does the Board of Directors Serve in Risk Oversight for the Company?</u>	7
<u>How Can Shareholders Communicate with the Board of Directors?</u>	7
<u>Has MEDNAX Adopted a Code of Conduct?</u>	7
<u>Has MEDNAX Adopted a Clawback Policy?</u>	8
<u>Does MEDNAX Require its Executive Officers and Board of Directors to Retain a Certain Amount of MEDNAX Common Stock?</u>	8
<u>Has MEDNAX Adopted an Anti-Hedging and Anti-Pledging Policy?</u>	8
<u>Does MEDNAX Have a Director Retirement Age Policy?</u>	8
<u>Report of the Audit Committee</u>	8
<u>DIRECTORS AND EXECUTIVE OFFICERS</u>	10
<u>MEDNAX's Directors and Executive Officers</u>	10
<u>Committees of the Board of Directors</u>	13
<u>Audit Committee</u>	13
<u>Compensation Committee</u>	14
<u>Nominating and Corporate Governance Committee</u>	14
<u>Risk Considerations in Our Compensation Programs</u>	15
<u>Certain Relationships and Related Person Transactions</u>	15
<u>Review and Approval of Related Person Transactions</u>	15

Transactions with Related Persons

16

Compensation Committee Interlocks and Insider Participation

16

(i)

**Table of Contents**

	<b>Page</b>
<u>EXECUTIVE COMPENSATION: COMPENSATION DISCUSSION AND ANALYSIS ( CD&amp;A )</u>	17
<u>SECTION I: A MESSAGE TO OUR SHAREHOLDERS</u>	17
<u>SECTION II: EXECUTIVE SUMMARY</u>	18
<u>2018 Business Highlights</u>	18
<u>Response to Say-on-Pay Vote and Shareholder Outreach</u>	20
<u>CEO Pay At-A-Glance</u>	20
<u>SECTION III: OVERVIEW OF THE EXECUTIVE COMPENSATION PROGRAM</u>	22
<u>The Guiding Principles of Our Pay Philosophy</u>	22
<u>Elements of Pay</u>	22
<u>Pay Mix</u>	22
<u>How Pay Decisions Are Made</u>	23
<u>SECTION IV: THE EXECUTIVE COMPENSATION PROGRAM IN DETAIL</u>	25
<u>Base Salary</u>	25
<u>2018 Base Salary Decisions</u>	25
<u>Annual Bonuses</u>	26
<u>2018 Annual Bonus Decisions</u>	27
<u>Equity-Based Awards</u>	27
<u>2018 Equity-Based Awards</u>	27
<u>Other Practices, Policies &amp; Guidelines</u>	30
<u>Equity Grant Practices</u>	30
<u>Clawback Policy</u>	31
<u>Stock Ownership and Retention Policy</u>	31
<u>Anti-Hedging and Anti-Pledging Policy</u>	32
<u>Retirement and Deferred Compensation Plans</u>	32
<u>Benefits and Perquisites</u>	33
<u>Termination of Employment and Change in Control Agreements</u>	33
<u>Summary Compensation Table</u>	34
<u>Grants of Plan-Based Awards in 2018</u>	35
<u>Outstanding Equity Awards at 2018 Fiscal Year-End</u>	36
<u>Options Exercised and Stock Vested in Fiscal Year 2018</u>	37
<u>Potential Payments Upon Termination or Change in Control</u>	37
<u>CHIEF EXECUTIVE OFFICER PAY RATIO</u>	45
<u>DIRECTOR COMPENSATION</u>	46
<u>SHARE OWNERSHIP INFORMATION</u>	47
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	47
<u>Security Ownership of Certain Beneficial Owners and Management</u>	47
<u>INDEPENDENT AUDITORS</u>	49
<u>Independent Auditors</u>	49
<u>Fees Paid to Independent Auditors</u>	49
<u>Audit Fees</u>	49
<u>Audit-Related Fees</u>	49
<u>Tax Fees</u>	49
<u>All Other Fees</u>	49
<u>Pre-Approval Policies and Procedures</u>	49

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

50

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

51

(ii)

**Table of Contents**

	<b>Page</b>
<u>PROPOSAL 4: APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE MEDNAX, INC. AMENDED AND RESTATED 2008 INCENTIVE COMPENSATION PLAN, AS AMENDED</u>	52
<u>OTHER BUSINESS</u>	62
<u>AVAILABILITY OF ANNUAL REPORT ON FORM 10-K</u>	62
<u>INFORMATION CONCERNING SHAREHOLDER PROPOSALS</u>	62
<u>EXHIBIT A: MEDNAX, INC. AMENDED AND RESTATED 2008 INCENTIVE COMPENSATION PLAN</u>	A-1

(iii)

**Table of Contents**

**MEDNAX, INC.**

**1301 Concord Terrace**

**Sunrise, Florida 33323-2825**

**PROXY STATEMENT**

We are furnishing this Proxy Statement and related materials to MEDNAX's shareholders as part of the solicitation of proxies by MEDNAX's Board of Directors for use at MEDNAX's 2019 Annual Shareholders Meeting and at any postponement or adjournment of the meeting. As used in this Proxy Statement, unless the context otherwise requires, the terms MEDNAX, we, us, our and the Company refer to the parent company, MEDNAX, Inc., a Florida corporation, and the consolidated subsidiaries through which its businesses are actually conducted, together with MEDNAX's affiliated business corporations or professional associations, professional corporations, limited liability companies and partnerships. All share and per share data set forth herein give effect to the two-for-one splits of our common stock that became effective on April 13, 2006 and December 19, 2013.

On December 31, 2008, Pediatrix Medical Group, Inc., a Florida corporation (Pediatrix), and MEDNAX completed a holding company formation transaction that established MEDNAX as the parent company of Pediatrix, now known as MEDNAX Services, Inc. Throughout this Proxy Statement, when we refer to MEDNAX or to the Company in reference to activities that occurred prior to the reorganization on December 31, 2008, we are referring to Pediatrix, and when we refer to the Company in reference to activities occurring after the reorganization, we are referring to MEDNAX, except to the extent the context otherwise indicates.

Under the rules and regulations of the SEC, we are 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 instead of mailing a printed copy of our proxy materials, which include our Proxy Statement and Annual Report, to all MEDNAX shareholders. The E-Proxy Notice will instruct you on 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 5, 2019, to MEDNAX's shareholders of record at the close of business on March 11, 2019.

**QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING**

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

MEDNAX's 2019 Annual Shareholders Meeting will be held on Thursday, May 16, 2019, beginning at 9:30 a.m. (ET) at the Bonaventure Resort & Spa, 250 Racquet Club Road, Weston, Florida 33326.

**What Is the Purpose of the Annual Meeting?**

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

elect 11 Directors, each for a term expiring at the next annual meeting or until his or her successor has been duly elected and qualified;

ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year;

conduct an advisory vote regarding executive compensation;

approve the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended; and

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

## **Table of Contents**

### **Who Is Entitled to Vote at the Annual Meeting?**

Only holders of record of our common stock at the close of business on March 11, 2019, 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, 87,868,988 shares of our common stock were issued and outstanding and were held by approximately 345 holders of record.

### **What Are the Voting Rights of MEDNAX's Shareholders?**

MEDNAX's shareholders have one vote per share of MEDNAX common stock owned on the record date for each matter properly presented at the annual meeting. For example, if you owned 100 shares of our common stock at the close of business on March 11, 2019, you can cast 100 votes for each matter properly presented at the annual meeting.

### **What Constitutes a Quorum?**

A quorum will be present at the meeting if holders of a majority of the issued and outstanding shares of our 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, MEDNAX 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 ratification of the appointment of independent auditors. The election of directors, the advisory vote on executive compensation and the approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended, are considered non-routine matters under the New York Stock Exchange rules. In addition, other matters may properly be brought before the meeting that may be considered non-routine under the applicable New York Stock Exchange rules. Shares held by a brokerage firm will not be voted on such non-routine matters by a brokerage firm unless it has received voting instructions from the shareholder 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, the approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended, or the advisory vote on executive compensation. Abstentions will not be counted as votes cast either in favor of or against the ratification of the appointment of our independent auditors.

### **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 will not be voted by the brokerage firm except as described above 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.

**Table of Contents**

**How Do I Vote?**

You can vote in any of the following ways:

To vote via the Internet:

Follow the instructions on your proxy card and E-Proxy Notice; and

Vote your shares as instructed on your proxy card and E-Proxy Notice.

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

Dial 1-800-690-6903 from any touch-tone telephone at any time up until 11:59 p.m. ET on May 15, 2019;  
and

Have your proxy card in hand and follow the instructions given to you on the line.

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 your shares 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 your shares 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.

**What Vote Is Required for the Proposals?**

Assuming that a quorum is present at the annual meeting, the 11 Director nominees receiving the highest number of affirmative votes from holders of our common stock will be elected as Directors of MEDNAX.

MEDNAX has a majority voting policy as part of its corporate governance principles. The majority voting policy is applicable solely to uncontested elections, which are those elections in which the number of nominees for election is less than or equal to the number of directors to be elected. Under the majority voting policy, any nominee for director who receives more withheld votes than for votes in an uncontested election must submit a written offer to resign as director. Any such resignation will be reviewed by the Nominating and Corporate Governance Committee and, within 90 days after the election, the independent members of the Board of Directors will determine whether to accept, reject or take other appropriate action with respect to, the resignation, in furtherance of the best interests of MEDNAX and its shareholders.

Assuming that a quorum is present, ratification of the appointment of our independent registered public accounting firm, approval of the compensation of our named executive officers and approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended, each requires a majority of the votes cast on the proposal at the annual meeting.

**Table of Contents**

**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 eleven nominees for Director named in this Proxy Statement;

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year;

FOR the approval of the compensation of our named executive officers; and

FOR the approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended.

**How Will My Proxy Holders Vote?**

The enclosed proxy designates Roger J. Medel, M.D., our Chief Executive Officer, Dominic J. Andreano, our Senior Vice President, General Counsel and Secretary, and Stephen D. Farber, our Executive Vice President and Chief Financial Officer, each with full power of substitution, to hold your proxy and vote your shares. Dr. Medel, Mr. Andreano and Mr. Farber will vote all shares of our common stock represented by proxies properly submitted via telephone or 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, Mr. Andreano and Mr. Farber intend to vote all shares of our common stock represented by proxies properly submitted via telephone, or 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 11 nominees for Director named in this Proxy Statement;

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year;

FOR the approval of the compensation of our named executive officers;

FOR the approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended; and

in accordance with the recommendation of MEDNAX'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 MEDNAX's Secretary a duly executed revocation of proxy, by properly submitting, either by telephone, mail or Internet, a proxy to MEDNAX's 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?**

MEDNAX 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, MEDNAX'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. MEDNAX will cause banks and brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of our common stock held of record by such banks, brokerage firms, custodians, nominees and fiduciaries. MEDNAX will reimburse such banks, brokerage firms, custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in doing so.

**Table of Contents**

**PROPOSAL 1: ELECTION OF MEDNAX'S DIRECTORS**

MEDNAX's Amended and Restated Articles of Incorporation, as amended (our Articles of Incorporation), and Amended and Restated Bylaws provide that the number of Directors constituting MEDNAX's Board of Directors will be determined from time to time by resolution adopted by MEDNAX's Board of Directors. Upon the recommendation of the Nominating and Corporate Governance Committee, the nominees for Director to be elected at the annual meeting in 2019 by the holders of our common stock 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;

Karey D. Barker, who has served as a Director since May 2015;

Manuel Kadre, who has served as Lead Independent Director since March 2014 and as a Director since May 2007;

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;

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;

Carlos A. Migoya, who has been nominated for initial election as a Director;

Michael A. Rucker, who has been nominated for initial election as a Director; and

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

Carlos A. Migoya was initially identified as a potential nominee by a current non-management Director and recommended for nomination by the Nominating and Corporate Governance Committee. Michael A. Rucker was initially identified as a potential nominee by one of the Company's shareholders and recommended for nomination by the Nominating and Corporate Governance Committee.

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

Each Director elected will serve for a term expiring at MEDNAX's 2020 Annual Meeting of Shareholders, which is expected to be held in May 2020, or until his or her successor has been duly elected and qualified.

MEDNAX'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 MEDNAX's Board of Directors, unless the proxies provide otherwise.

If a quorum is present at the annual meeting, the 11 nominees receiving the highest number of votes **FOR** election will be elected to the Board of Directors of MEDNAX, subject to the majority voting policy described above. Proxies will be voted **FOR** all such nominees absent contrary instructions.

***MEDNAX's Board of Directors recommends a vote FOR the election of each of the 11 nominees for Director.***

---

**Table of Contents**

**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 MEDNAX's business through discussions with MEDNAX'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 MEDNAX's Board of Directors are the Executive Committee, the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Medical Science and Technology Committee. Copies of the charters for these committees, as well as our corporate governance principles, are available on our website at [www.mednax.com](http://www.mednax.com). Our 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 MEDNAX's Secretary at 1301 Concord Terrace, Sunrise, Florida 33323.

**How Many Times Did Our Board of Directors Meet During 2018?**

During 2018, MEDNAX's Board of Directors held 13 meetings. Committees of the Board of Directors held a combined total of 24 meetings and also took various actions by unanimous written consent. Each Director attended at least 75% of the total number of meetings of MEDNAX's Board of Directors and its committees held during 2018 during the period he or she was a member thereof. Although MEDNAX has no formal policy with respect to its Directors' attendance at MEDNAX's Annual Shareholders' Meetings, in 2018 all of our Directors attended the Annual Shareholders' Meeting, with one exception.

**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 all of the non-employee Directors on our Board of Directors are independent, and that Messrs. Migoya and Rucker, if elected, would be independent. In arriving at this conclusion, our Board of Directors made the affirmative determination that each of Drs. Carlo, Goldschmidt and Sosa, Ms. Barker and Messrs. Alvarez, Fernandez, Gabos, Kadre, Migoya and Rucker meet the Board of Directors' previously adopted categorical standards for determining independence in accordance with the New York Stock Exchange's corporate governance rules. In making this determination, the Board of Directors considered transactions and relationships between each Director or any member of his or her immediate family and MEDNAX and its subsidiaries and affiliates. These transactions consisted of those transactions reported below under "Certain Relationships and Related Person Transactions" Transactions with Related Persons. Our Board of Directors determined that each of these transactions and relationships was within the New York Stock Exchange standards and our categorical standards and that none of the transactions or relationships affected the independence of the Director involved. 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.mednax.com](http://www.mednax.com).





## **Table of Contents**

### **Who Are the Chairman of the Board and Lead Independent Director ?**

To assist the Board of Directors in fulfilling its obligations, following each annual meeting of shareholders, MEDNAX's Board of Directors designates a non-management Director as Chairman of the Board. In addition, the Board of Directors, by a majority vote of the non-management Directors, may also designate a non-management Director as Lead Independent Director.

MEDNAX separates the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for determining the long-term strategic direction for the Company. The principal responsibility of the Chairman of the Board is to serve as chief administrative liaison between independent Directors and MEDNAX management and to monitor implementation of Board of Directors directives and actions. The principal responsibility of the Lead Independent Director, if designated, is to work collaboratively with the Chairman of the Board and the Chief Executive Officer with respect to Board of Directors governance and process. The Lead Independent Director has additional responsibilities and authorities set out in our corporate governance principles.

At least once a year, the Chairman of the Board or Lead Independent Director also presides over meetings of our independent Directors. Following our 2018 annual meeting of shareholders, our Board of Directors appointed Mr. Alvarez to serve as Chairman of the Board and Mr. Kadre to serve as Lead Independent Director.

### **What Role Does the Board of Directors Serve in Risk Oversight for the Company?**

The Board of Directors provides oversight of the Company's risk exposure by receiving periodic reports from senior management regarding matters relating to financial, operational, regulatory, legal and strategic risks and mitigation strategies for such risks. In addition, as reflected in the Audit Committee Charter, the Board of Directors has delegated to the Audit Committee responsibility to oversee, discuss and evaluate the Company's policies and guidelines with respect to risk assessment and risk management, including internal control over financial reporting. As appropriate, the Audit Committee provides reports to and receives direction from the full Board of Directors regarding the Company's risk management policies and guidelines, as well as the Audit Committee's risk oversight activities.

### **How Can Shareholders Communicate with the Board of Directors?**

Anyone who has a concern about MEDNAX's conduct, including accounting, internal controls or audit matters, may communicate directly with our Chairman of the Board of Directors, Lead Independent 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, MEDNAX, Inc., 1301 Concord Terrace, Sunrise, Florida 33323, or reported by phone at 877-835-5764. Any such concerns will be forwarded to the appropriate Directors for their review, and will be simultaneously reviewed and addressed by the Company's General Counsel or Chief Compliance Officer in the same way that other concerns are addressed by us. MEDNAX'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 MEDNAX Adopted a Code of Conduct?**

MEDNAX has adopted a Code of Conduct that applies to all Directors, officers, employees and independent contractors of MEDNAX and its affiliated professionals. MEDNAX intends to disclose any amendments to, or waivers from, any provision of the Code of Conduct that applies to any of MEDNAX's executive officers or Directors by posting such information on its website at [www.mednax.com](http://www.mednax.com).

MEDNAX 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 MEDNAX's Chief

## **Table of Contents**

Executive Officer, Chief Financial Officer and Chief Accounting Officer. MEDNAX intends to disclose any amendments to, or waivers from, any provision of the Code of Professional Conduct – Finance that applies to any of MEDNAX’s Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or persons performing similar functions by posting such information on its website at [www.mednax.com](http://www.mednax.com).

Copies of our Code of Conduct and the Code of Professional Conduct – Finance are available on our website at [www.mednax.com](http://www.mednax.com) and upon request from MEDNAX’s Secretary at 1301 Concord Terrace, Sunrise, Florida 33323.

### **Has MEDNAX Adopted a Clawback Policy?**

MEDNAX has adopted a Clawback Policy that permits the Company to seek to recover certain amounts of incentive compensation, including both cash and equity, paid to any executive officer (as defined in the Securities Exchange Act of 1934, as amended (the Exchange Act)) on or after January 1, 2014, if payment of such compensation was based on the achievement of financial results that were subsequently the subject of a restatement of its financial statements due to misconduct, and if the executive engaged in improper conduct that materially contributed to the need for restatement, and a lower amount of incentive compensation would have been earned based on the restated financial results.

### **Does MEDNAX Require its Executive Officers and Board of Directors to Retain a Certain Amount of MEDNAX Common Stock?**

MEDNAX has adopted a Stock Ownership and Retention Policy which requires that each named executive officer and each non-management Director retain MEDNAX common stock worth a certain multiple of annual base salary, or cash retainer, respectively. Details of the policy and the required ownership levels are described in further detail in the Executive Compensation: Compensation Discussion and Analysis section of this Proxy Statement.

### **Has MEDNAX Adopted an Anti-Hedging and Anti-Pledging Policy?**

MEDNAX has adopted a policy prohibiting its directors, management, financial and other insiders from engaging in transactions in MEDNAX securities or derivatives of MEDNAX securities that might be considered hedging, or from holding MEDNAX securities in margin accounts or pledging MEDNAX securities as collateral for a loan, unless such person clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities.

### **Does MEDNAX Have a Director Retirement Age Policy?**

MEDNAX has adopted a Director Retirement Age Policy which provides that a Director must retire and may not stand for re-election during the calendar year in which he or she attains age 80. Additionally, no Director may be nominated to a new term if he or she would attain age 80 by the end of the calendar year in which the election is held.

### **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 MEDNAX’s filings under the Securities Act of 1933, as amended (the Securities Act), or 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 MEDNAX’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 MEDNAX’s financial statements are complete, accurate or in compliance with accounting principles generally accepted in the

United States ( GAAP ). This is the responsibility of MEDNAX s management and independent auditors.

---

**Table of Contents**

Our primary function is to assist the Board of Directors in their evaluation and oversight of the integrity of MEDNAX's financial statements and internal control over financial reporting, the qualifications and independence of MEDNAX's independent auditors and the performance of MEDNAX's audit functions. In addition, while we are also responsible for assisting the Board of Directors in their evaluation and oversight of MEDNAX's compliance with applicable laws and regulations, it is not our duty to assure compliance with such laws and regulations or MEDNAX's Compliance Plan and related policies. We are also responsible for overseeing, discussing and evaluating MEDNAX's guidelines, policies and processes with respect to risk assessment and risk management and the steps management has taken to monitor and control risk exposure, and we advise the Board of Directors with respect to such matters, as appropriate.

We also oversee MEDNAX's auditing, accounting and financial reporting processes generally. Management is responsible for MEDNAX's financial statements and the financial reporting process, including the system of internal controls. We also review the preparation by management of MEDNAX's quarterly and annual financial statements. MEDNAX'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 MEDNAX in conformity with GAAP. MEDNAX's independent auditors are also responsible for auditing and reporting on the effective operation of MEDNAX's internal control over financial reporting. We are responsible for retaining MEDNAX's independent auditors and maintain sole responsibility for their compensation, oversight and termination. We are also 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 MEDNAX to determine their independence.

In fulfilling our oversight role, we met and held discussions with MEDNAX's management and independent auditors. Management advised us that MEDNAX's consolidated financial statements were prepared in accordance with GAAP, and we reviewed and discussed the consolidated financial statements for the fiscal year ended December 31, 2018. In addition, we reviewed and discussed the Management's Discussion and Analysis of Financial Condition and Results of Operations section of MEDNAX's periodic reports, key accounting and reporting issues and the scope, adequacy and assessments of MEDNAX's internal controls and disclosure controls and procedures with management and MEDNAX'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 U.S. Auditing Standard No. 16 (Communications with Audit Committees), as adopted by the Public Company Accounting Oversight Board.

The independent auditors also provided us with the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board, regarding the independent accountant's communications with the Audit Committee concerning independence, 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 MEDNAX's audited consolidated financial statements and internal controls over financial reporting and the independent auditors' report on such financial statements and their evaluation of MEDNAX'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, 2018 be included in MEDNAX's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

**Submitted by the Audit Committee of the Board of Directors.**

Paul G. Gabos

Karey D. Barker

Manuel Kadre

Enrique J. Sosa, Ph.D.

**Table of Contents****DIRECTORS AND EXECUTIVE OFFICERS****MEDNAX's Directors and Executive Officers**

MEDNAX's Directors and Executive Officers are as follows:

<b>Name</b>	<b>Age</b>	<b>Position with MEDNAX</b>
Roger J. Medel, M.D. (1)	72	Chief Executive Officer and Director
Cesar L. Alvarez (1)	71	Chairman of the Board of Directors
Manuel Kadre (1)(2)(3)	53	Lead Independent Director
Karey D. Barker (2)	51	Director
Waldemar A. Carlo, M.D. (3)(4)(5)	66	Director
Michael B. Fernandez (3)(4)	66	Director
Paul G. Gabos (1)(2)	53	Director
Pascal J. Goldschmidt, M.D. (5)	64	Director
Carlos A. Migoya	68	Director Nominee
Michael A. Rucker	49	Director Nominee
Enrique J. Sosa, Ph.D. (2)(4)	79	Director
Joseph M. Calabro	58	President
Stephen D. Farber	49	Executive Vice President and Chief Financial Officer
David A. Clark	52	Chief Operating Officer
Dominic J. Andreano	50	Senior Vice President, General Counsel and Secretary
John C. Pepia	56	Senior Vice President and Chief Accounting Officer

(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 the Company since he co-founded it in 1979. Dr. Medel served as the Company'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 has served as a member of the Board of Trustees of the Dana Farber Cancer Institute, Inc. since January 2016. Dr. Medel was a member of the Board of Trustees of the University of Miami from January 2004 to February 2012. Dr. Medel participates as a member of several medical and professional organizations and, from June 2006 to April 2009, served on the Board of Directors of MBF Healthcare Acquisition Corp. The Board of Directors has concluded that Dr. Medel's qualifications to serve on the Board include his experience as our Chief Executive Officer and founder of the Company and a physician with training and experience in the Company's historical base service line of neonatology.

*Cesar L. Alvarez* has been a Director since March 1997 and was elected as Chairman of the Board of Directors in May 2004. Mr. Alvarez is a Senior Chairman of the international law firm of Greenberg Traurig. He previously served as the firm's Executive Chairman for more than three years and as its Chief Executive Officer for 13 years. Mr. Alvarez also serves on the Board of Directors of Fairholme Funds, Inc., Intrexon Corporation, St. Joe Company and Watsco, Inc. Mr. Alvarez served on the Board of Directors of Sears Holdings Corporation from January 2013 until May 2017.



The Board of Directors has concluded that Mr. Alvarez's qualifications to serve on the Board include his management experience as the current Senior Chairman and as former Chief Executive Officer and Executive Chairman of one of the nation's largest law firms with professionals providing services in multiple locations across the country and abroad as well as his many years of corporate governance experience, both counseling and serving on the Boards of Directors of publicly traded and private companies.

---

**Table of Contents**

*Manuel Kadre* was elected as a Director in May 2007 and designated as Lead Independent Director in March 2014. Since December 2012, Mr. Kadre has been the Chairman and Chief Executive Officer of MBB Auto, LLC and also serves as the Chairman and Chief Executive Officer of many other luxury automobile dealerships in the Northeast. Mr. Kadre is a partner and director of Gold Coast Restaurants, which is the largest franchisee of TGI Friday's in the United States. From July 2009 until 2013, Mr. Kadre was the Chief Executive Officer of Gold Coast Caribbean Importers, LLC. Mr. Kadre has served on the Board of Directors of Republic Services, Inc. since June 2014 and was appointed as Chairman of the Board of Directors of Republic Services, Inc. in February 2017. Mr. Kadre has also served on the Board of Directors for Home Depot since October 2018. Mr. Kadre also serves on the Board of Trustees of the University of Miami and on the Board of Governors of University of Miami Hospital. The Board of Directors has concluded that Mr. Kadre's qualifications to serve on the Board include his experience in acquiring and managing businesses, including those in regulated industries and in government relations, his financial expertise as well as his experience as a member of the Board of Trustees of the University of Miami.

*Karey D. Barker* was elected as a Director in May 2015. Ms. Barker founded Cross Creek Advisors, LLC in 2013 and has served as its Managing Director since that time. Ms. Barker previously served as Managing Director, Venture of Wasatch Advisors, Inc. from 2006 until 2012 and served as a member of its Board of Directors from 1995 until 2012. Ms. Barker also serves as a board observer for several investment companies on behalf of Cross Creek Advisors. The Board of Directors has concluded that Ms. Barker's qualifications to serve on the Board include her financial expertise and experience in managing venture capital and private equity funds.

*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 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. Additionally, Dr. Carlo is a recipient of the Apgar Award, the highest recognition given to neonatologists by the American Academy of Pediatrics. The Board of Directors has concluded that Dr. Carlo's qualifications to serve on the Board include his experience as a nationally known Professor of Neonatology leading one of the nation's largest academic neonatal practices as well as his experience performing scientific research and developing and implementing educational programs for physicians.

*Michael B. Fernandez* was elected as a Director in October 1995. Mr. Fernandez has served as Chairman and Chief Executive Officer of MBF Healthcare Partners, L.P., a private equity firm focused on investing in healthcare service companies, since February 2005. He also served as the Chairman of Simply Healthcare Holdings until its acquisition by Anthem, Inc. in February 2015, and Navarro Discount Pharmacies, LLC until its acquisition by CVS Caremark in September 2014. Mr. Fernandez has served as a member of the Board of Trustees of the University of Miami and was on the Board of Directors of various private entities, including Healthcare Atlantic, Inc., a holding company that operates various healthcare entities. The Board of Directors has concluded that Mr. Fernandez's qualifications to serve on the Board include his experience over many years as a founder, investor and executive in a variety of successful healthcare businesses (including managed care companies), his financial and marketing expertise, as well as his experience as a member of the Board of Trustees of the University of Miami.

*Paul G. Gabos* was elected as a Director in November 2002. Mr. Gabos, who is presently retired, served as Chief Financial Officer of Lincare Holdings Inc. ( Lincare ) from June 1997 until December 2012, after its merger with a subsidiary of Linde AG, and prior thereto 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. Mr. Gabos currently serves on the Board of Directors of Health Insurance Innovations, Inc. The Board of Directors has concluded that Mr. Gabos' qualifications to serve on the Board include his management experience as a senior executive and financial expertise as Chief Financial Officer of a publicly traded healthcare services company and prior thereto as an investment banker with a large national firm.



---

**Table of Contents**

*Pascal J. Goldschmidt, M.D.*, was elected as a Director in March 2006. Dr. Goldschmidt currently serves as a Director and President and Chief Executive Officer of American Healthcare System, Ltd. Dr. Goldschmidt previously served as a Director and Chief Executive Officer of European Care Global QHCI, Ltd., and prior thereto as the Director of Strategic International Projects and Dean Emeritus at the University of Miami. Dr. Goldschmidt served as the Senior Vice President for Medical Affairs and Dean of the University of Miami Leonard M. Miller School of Medicine from April 2006 until May 2016. Dr. Goldschmidt also served as the Chief Executive Officer of the University of Miami Health System from November 2007 until January 2016. 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 served on the Board of Directors of Health Management Associates from June 2011 until August 2013 and previously served as a director for Opko Health, Inc. from 2007 until 2011. The Board of Directors has concluded that Dr. Goldschmidt's qualifications to serve on the Board include his experience as a Chief Executive Officer of a healthcare and hospital system, as Dean of a premier medical school managing physicians and other healthcare professionals, as a physician trained in cardiology, as well as his experience performing scientific research and developing and implementing educational programs for physicians.

*Carlos A. Migoya* has been nominated for election by our Board of Directors and has agreed to stand for election to the Board. Since 2011, Mr. Migoya has served as President and Chief Executive Officer of Jackson Health System, the public health system for Miami-Dade County, which includes Jackson Memorial Hospital, Jackson South Medical Center, Jackson North Medical Center, Holtz Children's Hospital, Jackson Rehabilitation Hospital, Jackson Behavioral Health Hospital, urgent care centers, multiple primary care and specialty care centers, two long-term care nursing facilities and a team of corrections health services clinics, and generated over \$1.8 billion in revenue in 2016. Mr. Migoya led the transformation of Jackson Health System from a large budget deficit in the year before his tenure, to budget surpluses in each subsequent year. Prior to joining Jackson Health System, Mr. Migoya served as City Manager for the City of Miami from 2010 to 2011, a position he held in a pro bono capacity, while eliminating a \$115 million budget deficit. Prior to serving as City Manager, Mr. Migoya worked for Wells Fargo & Company and its predecessors, including Wachovia Corporation and First Union Corporation, for more than 25 years, retiring as Regional President, North Carolina and Chief Executive Officer, Atlantic Region. Mr. Migoya served as a member of the board of directors of AutoNation, Inc. from 2006-2015. The Board of Directors has concluded that Mr. Migoya's qualifications to serve on the Board include his experience leading a large hospital system, particularly during a turnaround period for the system, as well as his career in financial services and his experience with large government organizations.

*Michael A. Rucker* has been nominated for election by our Board of Directors and has agreed to stand for election to the Board. Since 2017, Mr. Rucker has served as Chief Executive Officer, and since 2016 as a member of the Board of Directors, of Ivy Rehab Network, Inc., one of the largest networks of physical therapy clinics in the United States. Prior to joining Ivy Rehab, Mr. Rucker served from 2010 to 2017 as Executive Vice President and Chief Operating Officer of Surgical Care Affiliates, Inc., at the time a publicly traded operator of one of the nation's largest networks of surgical facilities, until its acquisition by UnitedHealth Group. Mr. Rucker has also held executive roles in various healthcare companies, including DaVita, Inc., where he served as Division Vice President from 2005 to 2008 after DaVita acquired Gambro Healthcare, where Mr. Rucker had served in various general management and business development capacities since 1997. The Board of Directors has concluded that Mr. Rucker's qualifications to serve on the Board include his extensive experience as an executive in the healthcare industry, including the management of physician practices and partnerships.

*Enrique J. Sosa, Ph.D.*, was elected as a Director in May 2004. Dr. 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, Dr. Sosa served as Senior Vice President of The Dow Chemical

Company, President of Dow North America and a member of its Board of Directors. Dr. Sosa was a director of FMC Corporation from June 1999 until April 2012 and a director of Northern Trust Corporation from April 2007 until April 2012. The Board of Directors has concluded that Dr. Sosa's qualifications to serve on the Board include his management and financial expertise as a former executive officer of large international

---

**Table of Contents**

industrial businesses, his many years of experience with corporate governance, and his service on the Boards of Directors of other publicly traded companies.

*Joseph M. Calabro* joined the Company in January 1996 and has served as President since May 2004. Mr. Calabro previously also served as our Chief Operating Officer from May 2000 to February 2019, our Executive Vice President, Management from January 2000 to May 2000 and our Chief Information Officer from January 1996 to January 2000. Prior to joining the Company, 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.

*Stephen D. Farber* joined the Company in August 2018 as Executive Vice President and was appointed Chief Financial Officer in November 2018. Prior to joining the Company, Mr. Farber served as Executive Vice President and Chief Financial Officer of Kindred Healthcare, Inc. from February 2014 until its sale in July 2018. From May 2013 to December 2013, Mr. Farber served as Executive Vice President, Chief Restructuring Officer and Chief Financial Officer of Rural/Metro Corporation. Prior to joining Rural/Metro Corporation, Mr. Farber's principal roles included serving from 2011 to 2012 as Executive-in-Residence with Warburg Pincus LLC, a global private equity firm, from 2006 to 2009 as Chairman and Chief Executive Officer of Connance, Inc., a predictive analytics provider to healthcare companies, and from 2002 to 2005 as Chief Financial Officer of Tenet Healthcare Corporation.

*David A. Clark* joined the Company in May 2001 and was appointed Chief Operating Officer in February 2019. Prior to his appointment as our Chief Operating Officer, Mr. Clark had served as President of our MEDNAX National Medical Group since January 2017. Mr. Clark previously served as President of our Western Division from June 2015 to January 2017 and as Chief Operating Officer of our Pediatrix Division from August 2008 until April 2015, with executive officer responsibilities beginning January 1, 2009. Mr. Clark served as Senior Vice President, Operations from December 2003 until August 2008, and 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 Healthcare, which we acquired in 2001, and prior thereto he was Vice President of Business Development for Magella Healthcare. Mr. Clark is a certified public accountant.

*Dominic J. Andreano* joined the Company in September 2001 and was appointed Senior Vice President, General Counsel and Secretary in May 2012. Prior to his appointment, Mr. Andreano previously served as Deputy General Counsel for the Company from January 2009 until May 2012, as Associate General Counsel for the Company from January 2004 until December 2008, and prior thereto as Director, Business Development. Prior to joining the Company, Mr. Andreano was an associate in the corporate securities department of Holland & Knight, LLP in Miami from June 2000 until September 2001, and an associate in the healthcare corporate department of Greenberg Traurig, P.A. in Miami from September 1997 until June 2000.

*John C. Pepia* joined the Company in February 2002 and served as Vice President, Accounting and Finance until May 2016, at which time Mr. Pepia was appointed Senior Vice President and Chief Accounting Officer. The Board of Directors appointed Mr. Pepia Principal Accounting Officer in August 2016. Prior to joining the Company, from 1996 to 2002, Mr. Pepia held several Vice President of Accounting & Finance positions at ANC Rental Corporation. He served in various financial positions in several public and private companies from 1985 to 1996.

**Committees of the Board of Directors****Audit Committee**

MEDNAX's Audit Committee held seven meetings in 2018. Messrs. Gabos and Kadre, Dr. Sosa and Ms. Barker were members of the committee throughout 2018. Mr. Gabos acted as chair of the committee throughout 2018. MEDNAX's Board of Directors has determined that each of Messrs. Gabos and Kadre, Dr. Sosa and Ms. Barker qualify as audit committee financial experts as defined by the rules and regulations of

## **Table of Contents**

the SEC and that each of Messrs. Gabos and Kadre, and Dr. Sosa and Ms. Barker meet the independence requirements under such rules and regulations and for a New York Stock Exchange listed company.

MEDNAX's Board of Directors has adopted a written charter for the Audit Committee setting out the functions that it is to perform. A copy of the Audit Committee Charter is available on our website at [www.mednax.com](http://www.mednax.com).

Please refer to the Report of the Audit Committee, which is set forth above, for a further description of our Audit Committee's responsibilities and its recommendation with respect to our audited consolidated financial statements for the year ended December 31, 2018.

## **Compensation Committee**

MEDNAX's Compensation Committee held six meetings in 2018, and took various other actions via unanimous written consent. Messrs. Kadre and Fernandez and Dr. Carlo were members of the committee throughout 2018. Mr. Kadre acted as chair of the committee throughout 2018. MEDNAX's Board of Directors has determined that each of Messrs. Kadre and Fernandez and Dr. Carlo meet the independence requirements for a New York Stock Exchange listed company.

MEDNAX's Board of Directors has adopted a written charter for the Compensation Committee setting out the functions that it is to perform. A copy of the Compensation Committee Charter is available on our website at [www.mednax.com](http://www.mednax.com).

The primary purpose of MEDNAX's Compensation Committee is to assist MEDNAX's Board of Directors in the discharge of the Board of Directors' responsibilities relating to compensation of executive officers. The scope of authority of MEDNAX's Compensation Committee includes the following:

Evaluating the performance of and setting the compensation for MEDNAX's Chief Executive Officer and other executive officers;

Supervising and making recommendations to MEDNAX's Board of Directors with respect to incentive compensation plans and equity-based plans for executive officers;

Overseeing the review of the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, including discussing at least annually the relationship between risk management policies and practices and compensation and considering, as appropriate, compensation policies and practices that could mitigate any such risk;

Evaluating whether or not to engage, retain, or terminate an outside consulting firm for the review and evaluation of MEDNAX's compensation plans and approving such outside consulting firm's fees and other retention terms; and

Conducting an annual self-assessment of the Compensation Committee.



Upon a determination of MEDNAX's full Compensation Committee membership, matters may be delegated to a subcommittee for evaluation and recommendation back to the full committee. For a description of the role performed by executive officers and compensation consultants in determining or recommending the amount or form of executive and Director compensation, see Executive Compensation: Compensation Discussion and Analysis How Pay Decisions are Made.

### **Nominating and Corporate Governance Committee**

MEDNAX's Nominating and Corporate Governance Committee held five meetings in 2018, and took various other actions via unanimous written consent. Drs. Carlo and Sosa and Mr. Fernandez were members of the committee throughout 2018. Dr. Carlo served as chair of the committee throughout 2018. MEDNAX's Board of Directors has determined that each of Drs. Carlo and Sosa and Mr. Fernandez meet the independence requirements for a New York Stock Exchange listed company.

## **Table of Contents**

MEDNAX's Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee setting out the functions that it is to perform. A copy of the Nominating and Corporate Governance Committee Charter is available on our website at [www.mednax.com](http://www.mednax.com).

The Nominating and Corporate Governance Committee assists the Board of Directors with respect to nominating new Directors and committee members and taking a leadership role in shaping the corporate governance of MEDNAX. To fulfill its responsibilities and duties, the committee, among other things, reviews the qualifications and independence of existing Directors and new candidates; assesses the contributions of current Directors; identifies and recommends individuals qualified to be appointed to committees of the Board of Directors; considers rotation of committee members; reviews the charters of the committees and makes recommendations to the full Board of Directors with respect thereto; develops and recommends to the Board of Directors corporate governance principles, including a code of business conduct; and evaluates and recommends succession plans for MEDNAX's Chief Executive Officer and other senior executives.

Although the Nominating and Corporate Governance Committee does not solicit director nominations, the committee will consider candidates suggested by shareholders in written submissions to MEDNAX's Secretary in accordance with the procedures described below in the section entitled "Information Concerning Shareholder Proposals." In evaluating nominees for Director, the committee does not differentiate between nominees recommended by shareholders and others. In identifying and evaluating candidates to be nominated for Director, the committee reviews the desired experience, mix of skills and other qualities required for appropriate Board composition, taking into account the current Board members and the specific needs of MEDNAX and its Board of Directors. Although the committee does not have a formal policy with regard to the consideration of diversity in identifying Director nominees, the committee's review process is designed so that the Board of Directors includes members with diverse backgrounds, skills and experience, and represents appropriate financial, clinical and other expertise relevant to the business of MEDNAX. At a minimum, Director candidates must meet the following qualifications: high personal and professional ethics, integrity and values and a commitment to the representation of the long-term interests of our shareholders. In 2018, following the resignation of Rep. Donna Shalala from our Board of Directors, the committee engaged the executive search firm of Spencer Stuart to identify and evaluate potential Director candidates in advance of our 2019 Annual Shareholders Meeting. The committee met extensively with Spencer Stuart and reviewed candidates presented to the committee by Spencer Stuart, along with candidates presented to the committee by certain of our shareholders and candidates identified to the committee by current Board members. All candidates so presented or identified became part of the committee's formal process with Spencer Stuart. The committee narrowed the initial list of 40 widely diverse candidates to 10 people, consisting evenly of women and men. The committee, as well as the Chairman of the Board and Lead Independent Director of the Board, then evaluated and interviewed a subset of the remaining candidates. Following these interviews, Messrs. Migoya and Rucker accepted the Company's offer to be nominated to the Board of Directors and the committee thereafter recommended to the Board that Messrs. Migoya and Rucker be nominated for election to the Board at our 2019 Annual Shareholders Meeting.

## **Risk Considerations in Our Compensation Programs**

The Company has reviewed its compensation structures and policies as they pertain to risk and has determined that its compensation programs do not create or encourage the taking of risks that are reasonably likely to have a material adverse effect on the Company.

## **Certain Relationships and Related Person Transactions**

### **Review and Approval of Related Person Transactions**

MEDNAX has a written policy for the review and approval or ratification of transactions (i) between MEDNAX and any MEDNAX Director or any other entity in which any MEDNAX Director is a director, officer or has a financial interest; and (ii) in which MEDNAX is or will be a participant and any related person has or will have a direct or indirect material interest. For purposes of the policy, a related person includes any

## **Table of Contents**

MEDNAX Director or Director nominee, executive officer or holder of more than 5% of the outstanding voting stock of MEDNAX or any of their respective immediate family members. The policy does not apply to transactions pertaining to (i) director or officer compensation that is approved or recommended to MEDNAX's Board of Directors for approval by MEDNAX's Compensation Committee or (ii) the employment by MEDNAX of any immediate family member of a related person in a non-officer position and at compensation levels commensurate with that paid to other similarly situated employees.

Pursuant to the terms of the policy, all covered transactions, if determined to be material by MEDNAX's General Counsel or if the transaction involves the participation of a member of the MEDNAX Board of Directors, are required to be promptly referred to the disinterested members of the MEDNAX Audit Committee for their review or, if less than a majority of the members of MEDNAX Audit Committee are disinterested, to all the disinterested members of the MEDNAX Board of Directors. Pursuant to the terms of the policy, materiality determinations must be based on the significance of the information to investors in light of all circumstances, including, but not limited to, the (i) relationship of the related persons to the covered transaction, and with each other, (ii) importance to the person having the interest, and (iii) amount involved in the transaction. All transactions involving in excess of \$120,000 are automatically deemed to be material pursuant to the terms of the policy.

The disinterested Directors of MEDNAX's Audit Committee or Board of Directors, as applicable, are required to review such material covered transactions at their next regularly-scheduled meeting, or earlier if a special meeting is called by the Chairman of the Audit Committee and may only approve such a material covered transaction if it has been entered into in good faith and on fair and reasonable terms that are no less favorable to MEDNAX than those that would be available to MEDNAX in a comparable transaction in arm's length dealings with an unrelated third party at the time it is considered by the disinterested Directors of MEDNAX's Audit Committee or Board of Directors, as applicable.

All of the transactions described in Transactions with Related Persons below were covered transactions under our policy and the policies and procedures required by the policy were followed in connection with the review and approval or ratification of all of such transactions.

### **Transactions with Related Persons**

Mr. Alvarez has served on MEDNAX's Board of Directors since March 1997. Mr. Alvarez is the Senior Chairman of Greenberg Traurig, P.A., which serves as one of MEDNAX's outside counsels and receives customary fees for legal services. In 2018, MEDNAX paid Greenberg Traurig, P.A. approximately \$1,380,000 for such services and currently anticipates that this relationship will continue. Mr. Alvarez does not personally provide legal services to MEDNAX and derives no direct personal benefit from MEDNAX's payment for legal services to Greenberg Traurig, P.A. Further, the fees derived from MEDNAX represent an immaterial portion of the overall revenue generated by Greenberg Traurig, P.A.

### **Compensation Committee Interlocks and Insider Participation**

In 2018, none of our executive officers or Directors was a member of the Board of Directors of any other company where the relationship would be considered a compensation committee interlock under the SEC rules.

---

**Table of Contents**

**EXECUTIVE COMPENSATION: COMPENSATION DISCUSSION AND ANALYSIS ( CD&A )**

**SECTION I: A MESSAGE TO OUR SHAREHOLDERS**

Dear MEDNAX Shareholders,

The principal responsibility of the Compensation Committee of the Board of Directors ( the Compensation Committee ) is to ensure that we have an executive compensation program in place that attracts and retains the best executive workforce in our industry. We believe that having the highest-quality, most-experienced leadership team in place is critical to our mission: *Take great care of the patient, every day and in every way*<sup>®</sup>. We also recognize that to best serve our patients and shareholders, we must also fulfill our responsibility to *Take great care of the business*. Our executive officer compensation program is designed to ensure that we accomplish our mission while delivering value to our shareholders.

To that end, when Ms. Lopez-Blanco announced her decision to retire, the Compensation Committee successfully recruited Stephen D. Farber to succeed Ms. Lopez-Blanco in the role of Chief Financial Officer, a role he assumed in November 2018. Mr. Farber has experience as a Chief Financial Officer of publicly-traded healthcare companies, as well as in various other positions in the healthcare sector.

The healthcare and economic landscapes continue to change, and we are extremely fortunate to have one of the longest-serving leadership teams in our industry navigating MEDNAX through these changes. In 2018, MEDNAX further expanded upon its diversified portfolio of services, which consists of neonatal and pediatric care, anesthesia solutions, radiology and telemedicine, as well as a management services organization and other consulting services. During 2018, MEDNAX's financial results reflected a challenging healthcare environment, with earnings declining from the previous year due to changes in payor mix, reduced patient volumes and increased pressures on clinical compensation. Company leadership responded to these challenges by introducing revenue improvement and cost reduction initiatives while also maintaining a disciplined approach in executing our acquisition strategy.

As a result of how the Company's 2018 financial results compared to goals established by the Compensation Committee at the beginning of the year, bonuses for the Named Executive Officers ( NEOs ) were paid out at below target levels, with the exception of Mr. Farber, who received a prorated bonus amount at target.

Recognizing the importance of retaining leadership and motivating them to continue execution of the company's strategy, the Compensation Committee established performance goals for the 2018 performance share grants that were considered challenging but achievable in light of the uncertainty relating to various drivers of our financial results.

In addition, the Compensation Committee updated its market-based evaluation of compensation for all executive officers, and responded to this analysis by authorizing supplemental grants of restricted stock to certain executive officers to ensure that their total compensation was market competitive and to enhance retention of these key individuals.

Beginning on the next page of this Proxy Statement, we present specific information about the compensation paid to our Chief Executive Officer ( CEO ) and other NEOs for 2018. We have provided information regarding how our executive compensation program works and the decisions made about pay, as well as how those decisions were made. Making sure you understand the rationale for our decisions is a top priority, as ongoing support for the executive compensation program is critical to our overall success.

Finally, we want to thank you for making MEDNAX part of your investment portfolio. You can be confident in our commitment to deliver exceptional performance that drives shareholder value over the long-term and quality care for the patients that depend on MEDNAX.

Sincerely,

Manuel Kadre

Compensation Committee Chairman

Lead Independent Director

### ***Compensation Committee Report***

The Compensation Committee determines the compensation for our CEO and other NEOs and oversees the administration of our executive compensation program. The Compensation Committee is composed entirely of independent Directors and is advised as necessary by independent consultants and legal counsel. Our CEO provides advice and recommendations to the Compensation Committee with respect to the compensation of other senior executive officers. Under the rules of the SEC, our NEOs for 2018 are:

Roger J. Medel, M.D., Chief Executive Officer

Stephen D. Farber, Executive Vice President and Chief Financial Officer since November 2018

Vivian Lopez-Blanco, Former Chief Financial Officer and Treasurer until November 2018

Joseph M. Calabro, President and Chief Operating Officer

David A. Clark, President, MEDNAX National Medical Group

Dominic J. Andreano, Senior Vice President, General Counsel and Secretary  
In February 2019, Mr. Clark was appointed as our Chief Operating Officer to succeed Mr. Calabro, who will continue to serve as our President.

In fulfilling our role, we met and held discussions with the Company's management and reviewed and discussed this CD&A. Based on our review and such discussions, we recommended to the Board of Directors that the CD&A be included in this Proxy Statement.

Submitted by the Compensation Committee of the Board of Directors:

Manuel Kadre

Waldemar A. Carlo, M.D.

Michael B. Fernandez

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

**Table of Contents**

**SECTION II: EXECUTIVE SUMMARY**

**2018 Business Highlights**

Stability and building long-term value are at the core of everything we do. We are a leading provider of physician services with a wide national network of affiliated physicians who specialize in fields such as newborn and maternal care, anesthesia, radiology and pediatric specialty care, among others. Our unique healthcare model has been in place for almost 40 years, allowing us to focus on what is most important in our industry – taking great care of our patients and improving patient outcomes. In 2018, we continued to position ourselves for the future of healthcare by concentrating on our long-term growth strategy. We remained disciplined in our spending, highly-selective in our acquisitions and responsive to the changing healthcare landscape. We continued to be challenged in 2018 by changes in payor mix, reduced patient volumes and increased pressures on clinical compensation. In response to these challenges, we developed a number of strategic initiatives across our organization, in both our shared services functions and our operational infrastructure, with a goal of generating improvements in our general and administrative expenses and our operational infrastructure. In our shared services departments, we are focused on improving processes, using our resources more efficiently and utilizing our scale more effectively to improve cost and service performance across our operations. Within our operational infrastructure, we have developed specific operational plans within each of our service lines and affiliated physician practices, with specific milestones and regular reporting, with the goal of generating long-term operational improvements and fostering even greater collaboration across our national medical group. We achieved the goal we established for these initiatives of \$60 million in improvements in 2018. We believe these strategic initiatives, together with our continued plans to invest in focused, targeted and strategic organic and acquisitive growth, position us well to deliver a differentiated value proposition to our stakeholders while continuing to provide the highest quality care for our patients. Key financial results for the last three fiscal years, including the impact of the challenges we faced in 2018, are highlighted below:

Earnings before interest, taxes and depreciation and amortization ( EBITDA ) is a non-GAAP financial measure. For a description of the rationale for our presentation of EBITDA and a reconciliation of EBITDA to net income, the most directly comparable GAAP measure, for the years ended December 31, 2018, 2017 and 2016, please see the disclosure under the caption Non-GAAP Measures beginning on page 56 of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 14, 2019.



**Table of Contents**

Our proven track record is also validated by the growth of our diluted earnings per share and annual cash flow from operations over the last 10 years.

**Note:** All share and per share amounts for all periods presented and discussed in this Proxy Statement reflect the two-for-one stock split effected in 2013.

---

## **Table of Contents**

### **Response to Say-on-Pay Vote and Shareholder Outreach**

Each year, we provide our shareholders with the opportunity to approve, or vote against, the compensation of our NEOs ( say-on-pay ). We are committed to ensuring that our investors fully understand our executive compensation program, including how it aligns the interests of our executives with our shareholders and how it rewards the achievement of our strategic objectives. We believe that the continued delivery of sustainable long-term value to our shareholders requires regular dialogue. To this end, we regularly make efforts to engage in discussions with our shareholders in order to obtain a deeper understanding of our investors' views regarding our compensation program and other important topics, including company performance and operations, strategic direction, risk and operational oversight and leadership, among other matters. Outside of formal engagement efforts, we interact throughout the year with our shareholders and make ourselves available to them at their request.

At our 2018 annual meeting of shareholders, the compensation of our NEOs was approved by more than 73% of shares that were voted on the matter. During 2018, we met with over 55% of our active shareholders on over 50 occasions throughout the year during industry conferences, in meetings at our offices or at the offices of our shareholders and through conference telephone calls.

### **CEO Pay At-A-Glance**

The significant majority (approximately 90%) of our CEO's target direct compensation (sum of base salary, target bonus and grant value of stock awards, including performance shares at target) is variable and linked to financial performance results. Prior to 2018, Dr. Medel's target total compensation of \$8,650,000 had not been increased since 2012. In February 2018, the Compensation Committee increased the value of Dr. Medel's equity grant from \$6,150,000 to \$8,000,000, in recognition of the increasing complexity of the Company's business, and the importance of Dr. Medel's oversight and leadership during this critical time. The Compensation Committee decided to decrease Dr. Medel's equity award back to the historical level of \$6,150,000 for the grant made in February 2019, in light of the decline of the Company's stock price in the latter part of 2018, after the 2018 equity grant was made, and in early 2019.

The charts below reflect the elements of target and actual CEO total direct compensation awarded to Dr. Medel for 2016, 2017 and 2018 performance. The charts demonstrate the alignment of CEO pay to the Company's performance and shareholder value, as Dr. Medel has not realized target levels of compensation for the past two years and has not received a target bonus payment in the past three years. For more information on Dr. Medel's performance share awards and restricted stock awards for 2018, please see the section below entitled 2018 Equity-Based Awards.

### **Measuring Pay-for-Performance at MEDNAX**

In the healthcare services industry, company stock prices at any point in time can be significantly affected by changes (actual or anticipated) in the regulatory environment. Additionally, regulatory changes affect different healthcare companies in varying ways. For MEDNAX specifically, factors such as timing, size and type of acquisitions, effects of the continued diversification of our services, effects of same-unit volume and reimbursement-related factors, including payor mix shifts, are often unpredictable.

For these reasons, we do not use relative total shareholder return as a key performance metric in our program. Instead, our performance goals are focused on internal key financial metrics that *drive* long-term value creation, such as revenue and profitability. Our past financial performance demonstrates, and we fully expect, that meeting these metrics will over time translate into increased shareholder value. For equity-based awards, our share price ultimately should reflect whether we have executed this strategy successfully and the three-year vesting schedule for equity

grants ensures our officers maintain a long-term perspective. A look at our historical stock prices over the last 10 years shows a growth rate of 108%, from a stock price of \$15.85 on December 31, 2008, to \$33.00 on December 31, 2018, after giving effect to stock splits during this period. This growth demonstrates that the achievement of the performance goals set over this period resulted in creation of long-term value for shareholders.

For many of these same reasons, we do not incorporate financial goals over a multi-year period (such as cumulative earnings over three years) into our officer compensation program. Our long-term strategy emphasizes continued growth through a disciplined approach in acquiring established physician practices in our specialties, and any multi-year goals would necessarily need to reflect assumptions and projections about both the level and type of acquisitions made during the measurement period. We believe, however, that the multi-year vesting of our equity awards effectively encourages long-term growth and performance.

The Compensation Committee believes that this approach is in the best interests of all of MEDNAX's constituents. Of course, we will continue to refine our approach as the healthcare landscape continues to evolve.

**Table of Contents**

The CEO Realized Pay at a Glance chart above reflects the value of restricted stock awards and performance share awards previously awarded that vested during the year, calculated based on the number of shares acquired at vesting multiplied by the closing price of a share of our common stock on the New York Stock Exchange on the vesting dates.

Despite the Company's continued growth, since 2011, Dr. Medel's base salary has been \$1,000,000 and his target bonus opportunity has remained 150% of base salary. His average bonus paid over the last ten years has been approximately 135% of base salary or 91% of target. Dr. Medel's bonus exceeded 170% of base salary in only two out of those 10 years. The updated market analysis conducted during 2018 found that the median peer target bonus for chief executive officers was 128% of base salary. That same analysis found that over the 2011-2017 period, the actual peer CEO bonus was 128% of base salary at the median and 170% of base salary at the 75<sup>th</sup> percentile.

**Table of Contents****SECTION III: OVERVIEW OF THE EXECUTIVE COMPENSATION PROGRAM****The Guiding Principles of Our Pay Philosophy**

The Compensation Committee has designed our executive compensation program with the following guiding principles in mind:

**Quality of Personnel and Competitiveness.** We are committed to employing the highest quality executive team in the healthcare services industry. We expect our executives to be of the highest caliber in terms of business acumen and integrity. We closely analyze and understand compensation for executives at similarly situated companies to help ensure we can effectively compete for and retain key talent.

**Alignment of Interests.** We must offer a total executive compensation package that best supports our leadership talent and growth strategies and focuses executives on financial and operational results. We use a mix of fixed and variable (at-risk) pay to support these objectives, by giving our executives a substantial equity stake in the business and rewarding them for performance that drives shareholder value over the long term.

**Compliance with Regulatory Guidelines and Sensible Standards of Corporate Governance.** We comply with applicable laws, rules, statutes, regulations and guidelines and monitor our compensation program on an ongoing basis to ensure it abides by applicable requirements. Specifically, we focus on relevant considerations in the areas of accounting cost, tax impact, cash flow constraints, risk management and other sensible standards of good corporate governance.

**Elements of Pay**

Our pay philosophy is supported by the following pay elements in our executive compensation program for 2018:

<b>Element</b>	<b>Form</b>	<b>Description</b>
Base Salary	Cash (Fixed)	Provides a competitive level of pay that reflects the executive's experience, role and responsibilities and performance.
Annual Bonus	Cash (Variable)	Based 100% on annual income from operations performance.
Long-Term Incentives	Equity (Variable)	Comprised of 50% restricted stock that vests over three years and 50% performance shares tied to achievement of net revenue and EBITDA goals, which vest over three years if the performance goals are achieved.

**Pay Mix**

The charts below show that most of our NEOs' total direct compensation is variable (90% for the CEO and an average of 86% for our other NEOs) based upon actual 2018 compensation:

- (1) Other NEOs includes those active as of December 31, 2018 and represents actual paid base salary, annual bonus and stock awards per the summary compensation table, with the exception of Mr. Farber's one-time inducement stock award, which was excluded.

## **Table of Contents**

### **How Pay Decisions Are Made**

The Compensation Committee, composed solely of independent Directors, is responsible for making pay decisions for the NEOs. The Compensation Committee works very closely with its independent consultant, which for 2018 was Willis Towers Watson & Co. ( Willis Towers Watson ), and management to examine pay and performance matters throughout the year. The Compensation Committee held six meetings over the course of 2018, and took various other actions via unanimous written consent. The Compensation Committee's written charter can be accessed on the MEDNAX website at [www.mednax.com](http://www.mednax.com).

#### *The Role of the Compensation Committee and Management*

The primary role of the Compensation Committee is to assist MEDNAX's Board of Directors in the discharge of the Board's responsibilities related to executive compensation matters. The Compensation Committee's responsibilities include:

Evaluating the performance of and setting pay for the CEO and other NEOs;

Supervising and making recommendations to the Board of Directors about changes to the executive compensation program;

Overseeing the annual review of the Company's incentive compensation elements to determine whether they encourage excessive risk taking, including discussing the relationship between risk management policies and practices and pay;

Evaluating whether or not to engage, retain, or terminate an outside consulting firm for the review and evaluation of MEDNAX's executive compensation program and approving such outside consulting firm's fees and other retention terms; and

Conducting an annual self-assessment of the Compensation Committee's performance.

The CEO does not play any role in the Compensation Committee's determination of his own pay; however, the Compensation Committee solicits input from the CEO concerning the performance and compensation of the other NEOs. The CEO bases his recommendations on his assessment of each individual's performance, tenure and experience in the role, external market pay practices, retention risk and MEDNAX's overall pay philosophy.

#### *The Role of Independent Consultants*

The Compensation Committee continually reviews executive compensation to ensure that it reflects our pay philosophy and, as necessary, retains the services of an independent consultant to assist in such review. During 2018, the Compensation Committee retained Willis Towers Watson to provide data and analysis with respect to the compensation paid to our NEOs. The Compensation Committee has assessed the independence of Willis Towers Watson pursuant to applicable SEC rules, New York Stock Exchange listing standards and its own committee charter and concluded that no conflict of interest exists that would prevent Willis Towers Watson from independently

advising the Compensation Committee.

*Assessing External Market Practice*

As part of our pay philosophy, our executive compensation program is designed to attract, motivate and retain our executives in an increasingly competitive and complex talent market. To this end, we regularly evaluate industry-specific and general market compensation practices and trends to ensure that our program features and NEO pay opportunities remain appropriately competitive. The Compensation Committee considers publicly available data, provided by its independent compensation consultant, for informational purposes when



**Table of Contents**

making its pay decisions. However, market data are not the sole determinants of the Company's practices or executive pay levels. When determining salaries, target bonus opportunities and annual equity grants for NEOs, the Compensation Committee also considers the performance of the Company and the individual, the nature of an individual's role within the Company, internal comparisons to the compensation of other Company officers, tenure with the Company and experience in the officer's current role.

During 2017, the Compensation Committee reviewed CEO compensation information from a group of publicly traded healthcare services companies. The companies included in the analysis were recommended by the Compensation Committee's consultant and approved by the Compensation Committee. During the fall of 2018, the consultant updated the peer analysis for the CEO position as well as for the Company's other NEOs. The companies currently included in our peer group were as follows:

Acadia Healthcare Company, Inc.	Encompass Health (f/k/a HealthSouth)	Magellan Health Services, Inc.
Amedisys, Inc.	Envision Healthcare Corporation*	Premier, Inc.**
Brookdale Senior Living Inc.	Kindred Healthcare, Inc.*	Quest Diagnostics**
Chemed Corporation	Laboratory Corporation of America Holdings	Select Medical Corporation
DaVita Inc.	LifePoint Hospitals, Inc.*	Tenet Healthcare Corporation
Universal Health Services, Inc.		

\* *Envision, Kindred Healthcare and LifePoint Hospitals were taken private in 2018.*

\*\* *Premier, Inc. and Quest Diagnostics were included in the 2018 study, but not in the 2017 study.*

In determining the peer group for the studies, the Compensation Committee considered a variety of factors including revenue, income from operations, net income, market capitalization and enterprise value. Based on the advice of its consultant, the Compensation Committee established that top executive pay levels at publicly-traded companies in the healthcare services industry were more closely correlated to factors other than revenue. As such, the peer group was determined with an objective of placing MEDNAX near the median for both income from operations and enterprise value. Given MEDNAX's profitability, this meant that MEDNAX would rank in the lower quartile of its peers in terms of revenue and in the upper quartile of its peers in terms of net income and market capitalization.

An updated analysis of the remaining peer companies showed that as of year-end 2017, MEDNAX ranked near the peer 25<sup>th</sup> percentile in terms of revenue, at the peer 57<sup>th</sup> percentile in terms of operating income, near the peer 80<sup>th</sup> percentile in terms of net income, near the peer 60<sup>th</sup> percentile in terms of enterprise value and near the peer 70<sup>th</sup> percentile in terms of market capitalization. MEDNAX also ranked at the peer 57<sup>th</sup> percentile, 7<sup>th</sup> percentile and 30<sup>th</sup> percentile for three-year growth rates in revenues, income from operations and net income, respectively, and near the peer median for annualized total shareholder return over the past three and five year periods. Data from the updated peer analysis are summarized in the tables below:

	<b>Revenue</b>	<b>Income From</b>	<b>Net</b>	<b>Market</b>	<b>Enterprise</b>
		<b>Operations(1)</b>	<b>Income(1)</b>	<b>Capitalization(2)</b>	<b>Value(3)</b>
<b>75th Percentile</b>	\$9,063.7	\$1,019.3	\$295.8	\$5,119.9	\$13,116.5
<b>Median</b>	\$5,838.6	\$437.9	\$110.1	\$4,110.0	\$6,312.1
<b>25th Percentile</b>	\$3,657.2	\$256.4	-\$98.9	\$1,904.4	\$5,216.8

<b>MEDNAX, Inc.</b>	\$3,458.3	\$480.1	\$320.4	\$5,092.4	\$6,874.7
<b>MEDNAX, Inc.</b>					
<b>PERCENTILE RANK</b>	<b>21%</b>	<b>57%</b>	<b>79%</b>	<b>71%</b>	<b>57%</b>

(1) Peer companies with an operating loss or net loss in either the base year or the most current year were assumed to rank at the bottom.

(2) Market capitalization calculated as of February 2018.

(3) Enterprise value is equal to market capitalization value plus net debt as reported for year-end 2017.

**Table of Contents**

	<u>3-Year Compound Annual Growth Rates</u>			<u>Annualized Total Shareholder Return</u>	
	<u>Revenue</u>	<u>Income From Operations</u>	<u>Net Income</u>	<u>3-year</u>	<u>5-year</u>
<b>75th Percentile</b>	17.0%	18.8%	23.5%	12.7%	18.8%
<b>Median</b>	12.0%	10.3%	11.3%	-1.6%	6.9%
<b>25th Percentile</b>	5.6%	4.4%	0.0%	-15.3%	4.2%
<b>MEDNAX, Inc.</b>	12.3%	-2.2%	0.3%	-6.8%	6.1%
<b>MEDNAX, Inc.</b>	<b>57%</b>	<b>7%</b>	<b>30%</b>	<b>43%</b>	<b>43%</b>

**PERCENTILE RANK**

The Compensation Committee reviews a variety of other areas including key incentive design features, equity grant programs, historical CEO bonus payout levels, stock ownership policies, Board of Directors compensation and other policies relating to officer and Board member compensation from time to time relative to MEDNAX's peers. In addition, the Compensation Committee periodically reviews information relating to NEO compensation practices as developed from companies considered to be MEDNAX peers by proxy advisory firms. However, since some of these advisory firms determine peers based primarily on comparable revenue, the Compensation Committee has not used information from these companies in evaluating NEO salaries, bonus opportunities and annual equity-based award values. The Compensation Committee believes that information from the peer group it has selected is more relevant.

**SECTION IV: THE EXECUTIVE COMPENSATION PROGRAM IN DETAIL****Base Salary**

The Compensation Committee reviews and approves base salary levels at the beginning of each year. Base salary decisions generally reflect the Compensation Committee's consideration of the external market practices of our peer group for comparable positions, published survey data and subjective factors including the individual's experience, role, responsibilities and performance. Base salaries for Messrs. Clark and Andreano were increased in January and November 2018, in an effort to bring the overall compensation for both executives closer to the 50<sup>th</sup> percentile of peers surveyed in the fall of 2017 and 2018.

*2018 Base Salary Decisions*

The 2018 base salaries for the NEOs were as follows:

<b>NEO</b>	<b>2018 Base Salary</b>	
Roger J. Medel, M.D.	\$1,000,000	
Vivian Lopez-Blanco	\$475,000	
Stephen D. Farber	\$550,000*	
Joseph M. Calabro	\$600,000	
David A. Clark	\$475,000 (January	October)
	\$525,000 (November	December)
Dominic J. Andreano	\$425,000 (January	October)
	\$475,000 (November	December)

\* Represents annual base salary. Mr. Farber received a pro-rated portion of his annual base salary for the period during which he provided services in 2018.

**Table of Contents****Annual Bonuses**

The Company's NEOs participate in an annual bonus program, which is administered under the shareholder-approved MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended. The annual bonus is designed to recognize performance achievements primarily focused on our Company's results of operations during its fiscal year.

The Compensation Committee uses guidelines and may apply either positive or negative discretion to adjust the bonuses based on the actual level of income from operations achieved, as well as other performance goals established for individual NEOs. In addition, the Compensation Committee uses a performance range at the target bonus level to minimize the variability of potential payouts. The bonus adjustment guidelines established for 2018 were as follows:

<b>Income From Operations: Performance Goals</b>	<b>% of Target Bonus Payout</b>
Less than \$455,075,000	0%
\$455,075,000	25%
\$480,075,000	50%
\$484,075,000	75%
\$488,075,000	90%
\$496,075,000-\$510,075,000	100%
\$525,075,000	125%
\$540,575,000	150%
\$556,075,000	175%
\$566,300,000	200%

**Income from operations in 2018 was \$445,848,000, and adjusted income from operations was \$474,648,000.**

Actual target bonus payout percentages increase proportionately between each percentage amount based on the actual income from operations achieved by the Company.

**Why We Use Income From Operations**

The Compensation Committee uses income from operations as its primary performance measure for annual bonuses and has for several years. This measure is used to encourage our NEOs to focus on efficiently managing our business and to execute on our acquisition growth strategy. We strive to set financial targets that are both challenging and realistic. Since this approach was first implemented a decade ago, actual bonus payouts for NEOs have averaged slightly below target, while income from operations growth rates have consistently exceeded those of our peer group.

The income from operations goal and maximum bonus award opportunities are also designed to satisfy the requirements of §162(m) of the Internal Revenue Code.



**Table of Contents***2018 Annual Bonus Decisions*

The Compensation Committee establishes each NEO's maximum annual bonus opportunity as a percentage of base salary in effect at the end of the year. The target bonus opportunity for each NEO is equal to 50% of the NEO's maximum bonus opportunity. In March of 2018, the Compensation Committee established the income from operations performance goals set forth in the table above. The income from operations goals established by the Compensation Committee reflected an assumption that a negotiation to renew one of the Company's anesthesiology service contracts would be favorably resolved, despite receiving notice of non-renewal to be effective July 1, 2018. Following the unfavorable outcome of the contract renewal, the Compensation Committee did not modify the bonus plan's income from operations goals but instead determined that it would consider appropriate adjustments to the final 2018 income from operations results when determining the earned bonus. In February 2019, the Compensation Committee, having determined that the non-renewal of the anesthesiology contract was not within the control of management, approved an adjustment to the income from operations results of \$28.8 million relating to financial impacts associated with the non-renewal of the anesthesiology contract. As such, the income from operations results used to determine executive officer bonuses for 2018 was increased from the GAAP-reported total of \$445.8 million to \$474.6 million and the corresponding bonus earned by each of Dr. Medel, Ms. Lopez-Blanco and Messrs. Calabro, Clark and Andreano was calculated at 44.6% of the target bonus opportunity for each executive officer. The Compensation Committee approved the payment of a prorated portion of Mr. Farber's target bonus for 2018.

Name	Maximum Annual Bonus as a % of Base Salary	Target Annual Bonus as a % of Base Salary	Actual Annual Bonus as a % of Target	Actual Bonus (\$)
Dr. Medel	300%	150%	44.6%	\$669,000
Mr. Farber	200%	100%	100%	\$191,370
Ms. Lopez-Blanco	200%	100%	44.6%	\$211,850
Mr. Calabro	200%	100%	44.6%	\$267,600
Mr. Clark	200%	100%	44.6%	\$234,150
Mr. Andreano	200%	100%	44.6%	\$211,850

In addition to the annual bonus amount reflected in the table above, Mr. Farber also received a sign-on bonus in August 2018 in the amount of \$300,000, which he is required to reimburse to the Company if, prior to the one-year anniversary of his employment with the Company, he terminates his employment other than for good reason or other than due to his death or disability, and \$300,000 to offset the costs and fees associated with relocation.

**Equity-Based Awards***2018 Equity-Based Awards*

The Compensation Committee approved the March 1, 2018 equity-based awards outlined below in February 2018. These equity-based awards were divided equally into performance share awards and time-based restricted stock awards for each of Dr. Medel, Ms. Lopez-Blanco and Messrs. Calabro, Clark and Andreano. For 2018, the Compensation Committee increased the value of the equity awards for Dr. Medel, Mr. Calabro and Ms. Lopez-Blanco in recognition of the increasing complexity of the Company's business, and the value of each of the executive's continued oversight and leadership during this critical time. The increases were as follows:

Dr. Medel's equity grant value increased from \$6,150,000 to \$8,000,000;

Mr. Calabro's equity grant value increased from \$3,750,000 to \$5,000,000; and

Ms. Lopez-Blanco's equity grant value increased from 1,300,000 to \$2,000,000.

The Compensation Committee also increased the value of Messrs. Clark and Andreano's annual equity grant to \$1,050,000 and \$750,000, respectively, to bring their overall compensation closer to the market median.

For 2019, the Compensation Committee decided to decrease the equity grant values for Dr. Medel and Mr. Calabro back to the historical levels of \$6,150,000, and \$3,750,000, respectively, in light of the decline of the Company's stock price in the latter part of 2018 and early 2019.



**Table of Contents**

50% of the equity-based award is granted in performance shares that:

**Use two metrics:**

Shares are earned based on the achievement of net revenue *and* EBITDA goals, both of which we believe drive shareholder value creation. In particular, EBITDA is a key driver of market capitalization value and EBITDA is linked to shareholder returns.

**Have rigorous performance goals:**

A target award for each metric will be earned if net revenue or EBITDA growth equals or exceeds 2% and -5%, respectively. NEOs may receive an above-target award for each metric only if growth in net revenue or EBITDA exceeds 9% and 5%, respectively. These goals vary year-to-year, based on various factors that may have a direct impact on the results for the performance period, including the effects of volume and reimbursement-related factors and acquisition-related activities.

The approach described in the table above reflects the Compensation Committee's desire to set rigorous performance goals in a highly volatile and uncertain environment, while also rewarding NEOs when the Company achieves these goals and delivers sustained results for our shareholders.

In setting financial performance goals for these performance share awards, the Compensation Committee received recommendations from management based on the Company's strategic plan for the performance measurement period. The Compensation Committee, working with its independent compensation consultant and Company management, evaluated the impact of various drivers on revenue and EBITDA in determining the 2018 grants.

The 2018 performance goals incorporate specific factors that were expected to have a direct impact on the results for this performance period, while remaining challenging to achieve. The growth rate targets for the 2018 performance period differ from the Company's historical 5-year average growth rates because of volatility in the various drivers that impact results from year to year. Other drivers considered in setting the performance goals included, but were not necessarily limited to: acquisition-related activities, including size, type, timing and volume of acquisitions, same-unit volume growth, expense-related initiatives and reimbursement-related factors, including payor mix. The Compensation Committee established net revenue and EBITDA goals that reflected the financial challenges and uncertain operating environment, particularly with regard to year-over-year changes in EBITDA, that the Compensation Committee felt were still rigorous yet achievable. At the time the goals were approved, the Company's internal forecast for the Performance Share measurement period projected a modest decline in EBITDA and modest growth in net revenue, due to changes in payor mix, reduced patient volumes and increased pressures on clinical compensation. The Compensation Committee developed performance goals in light of these forecasts, noting that it would be extremely unlikely that an above-target award would be earned based on the financial forecasts at the time of the goal. Even though the 2018 growth rates underlying the 2018 equity awards were lower than our historical growth rates, the Compensation Committee believed that they were challenging to achieve in the current market and were more rigorous growth goals than the prior year. Consideration was also given to those factors that impacted previous year results (positively or negatively) but were not anticipated to impact 2018 results. In 2017, the

Compensation Committee elected to eliminate a retesting feature of the equity program that allowed an additional opportunity to earn performance shares if the performance criteria were not met during the initial performance period, and the 2018 equity awards did not include any retesting feature.

**Table of Contents**

The Compensation Committee believes the above approach used to establish financial performance goals for performance share awards results in goals that are challenging yet realistic and achievable, adequately rigorous and effective in continuing to motivate the executive team to drive the strong shareholder returns historically generated by the Company. Accordingly, the Committee believes the performance shares awarded appropriately align Company performance with executive compensation.

While this discussion of 2018 equity awards relates to growth targets for the 2018 performance period, we believe our approach to granting performance shares also creates long-term alignment, given that the value of the award realized by the NEOs will depend on the value of our stock when the shares vest over a multi-year period. As a result, we believe our NEOs are incentivized not only to execute the Company's growth strategy but also to maintain discipline in its acquisition-related activities and processes in order to generate sustainable longer-term growth and increased shareholder value. We believe our approach also addresses our critical need to retain the highest-caliber executives in our industry especially as the challenges in the healthcare sector grow increasingly more complex and competition for executive talent in the healthcare sector increases.

The table below outlines the 2018 equity award program:

<b>Equity Component</b>	<b>How It Works</b>																					
<b>Performance Share Awards (50%)</b>	50% of the performance share award is tied to net revenue results and 50% is tied to EBITDA results; results for each metric are considered separately.																					
<i>Purpose:</i> To have the percentage of shares earned vary with Company performance achievement compared to pre-established goals	Performance was measured over a one-year period from January 1, 2018 through December 31, 2018.  If shares are earned during this initial measurement period, they will vest over the first three anniversaries of the grant date (March 1, 2019, 2020 and 2021) subject to continued employment.  Shares earned may vary from 0% to 150% of target based on growth rates of net revenue and EBITDA during the initial measurement period:																					
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><b>Net Revenue Growth</b></th> <th style="text-align: left;"><b>Shares Earned</b></th> <th style="text-align: left;"><b>EBITDA Growth Rate</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>Rate Achieved</b></td> <td style="text-align: center;"><b>Achieved</b></td> <td></td> </tr> <tr> <td style="text-align: center;">-2.0% or Below</td> <td style="text-align: center;">0%</td> <td style="text-align: center;">Below -10.0%</td> </tr> <tr> <td style="text-align: center;">-2.0%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">-10.0%</td> </tr> <tr> <td style="text-align: center;">-1.99% to 1.99%</td> <td style="text-align: center;">See Footnote (1)</td> <td style="text-align: center;">-9.99% to -5.01%</td> </tr> <tr> <td></td> <td style="text-align: center;">below</td> <td></td> </tr> <tr> <td style="text-align: center;">2.0% to 9.0%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">-5.0 to 5.0%</td> </tr> </tbody> </table>	<b>Net Revenue Growth</b>	<b>Shares Earned</b>	<b>EBITDA Growth Rate</b>	<b>Rate Achieved</b>	<b>Achieved</b>		-2.0% or Below	0%	Below -10.0%	-2.0%	25%	-10.0%	-1.99% to 1.99%	See Footnote (1)	-9.99% to -5.01%		below		2.0% to 9.0%	100%	-5.0 to 5.0%
<b>Net Revenue Growth</b>	<b>Shares Earned</b>	<b>EBITDA Growth Rate</b>																				
<b>Rate Achieved</b>	<b>Achieved</b>																					
-2.0% or Below	0%	Below -10.0%																				
-2.0%	25%	-10.0%																				
-1.99% to 1.99%	See Footnote (1)	-9.99% to -5.01%																				
	below																					
2.0% to 9.0%	100%	-5.0 to 5.0%																				

Edgar Filing: MEDNAX, INC. - Form DEF 14A

9.01% to 12.0%	See Footnote (1)	5.01% to 10.0%
	below	
Over 12.0%	150%	Over 10.0%

*(1) Actual percentage of shares earned was determined by linear interpolation based on the actual growth rate achieved. For example, for each 1% of net revenue growth achieved between -1.99% and 1.99%, 18.75% of the performance shares would be earned for that metric, and for each 1% of net revenue growth achieved between 9.01% and 12.0%, 16.7% of the performance shares would be earned. In each case, any earned performance shares are subject to additional time-based vesting.*

Any shares that were not earned by December 31, 2018 would have been forfeited.

**Table of Contents**

**Equity Component  
Restricted Stock  
Awards (50%)**

**How It Works**

Vesting was contingent upon the Company achieving a performance goal established at the time of the grant to preserve tax deductibility under §162(m) of the Internal Revenue Code consisting of EBITDA for the 12 months ended December 31, 2018 of not less than \$440 million. Once the performance goal was satisfied, shares will vest at the rate of one-third per year over the first three anniversaries of the grant date (March 1, 2019, 2020 and 2021) subject to continued employment.

*Purpose:* To encourage the retention of executives, while providing a continuing incentive to increase shareholder value since the realized value of the award will depend on the Company's share price at the times an award vests

If the performance goal had not been achieved by March 31, 2019, all shares would have been forfeited.

***Actual Performance and Shares Earned under the 2017 and 2018 Performance Share Awards***

For the period from April 1, 2017 to March 31, 2018, the Company's net revenue and EBITDA, the metrics on which the 2017 performance share awards were measured, grew by 8.0%, in the case of net revenue, and -9.3%, in the case of EBITDA. In accordance with the pre-established target growth rates of 2.0% to 11.0% for net revenue and -12.9% to 2.5% for EBITDA, our NEOs earned 100% for each metric, and 100% of their target performance share awards overall. The shares earned will vest over the first three anniversaries of the grant date, subject to continued employment.

For the period from January 1, 2018 to December 31, 2018, the Company's net revenue and EBITDA, the metrics on which the 2018 performance share awards were measured, grew by 5.5%, in the case of net revenue, and -3.2%, in the case of EBITDA. In accordance with the pre-established target growth rates of 2.0% to 9.0% for net revenue and -5.0% to 5.0% for EBITDA, our NEOs earned 100% for each metric, and 100% of their target performance share awards overall. The shares earned will vest over the first three anniversaries of the grant date, subject to continued employment.

***Inducement Grant***

In August 2018, the Compensation Committee granted Mr. Farber 100,000 restricted shares of our common stock in connection with his initial employment with the Company, which shares will vest 50% on September 1, 2019, 30% on September 1, 2020, and 20% on September 1, 2021, in each case subject to Mr. Farber's continued employment.

**Other Practices, Policies & Guidelines**

***Equity Grant Practices***

The Compensation Committee determines the effective date of annual equity-based awards without regard to current or anticipated stock price levels. Although historically made around mid-year, the Compensation Committee made the

2018 annual equity grant in March of 2018 and may also make, and in the past has made, grants during the course of the year, primarily for new hires, promotions, to retain valued employees or to reward exceptional performance. These grants may be subject to performance conditions and/or time-based vesting, and are issued on the date of grant approval or upon a date certain following the grant approval date.

We follow equity grant procedures designed to promote the proper authorization, documentation and accounting for all equity grants. Pursuant to these procedures the Compensation Committee or the Board of

## **Table of Contents**

Directors must formally approve all equity awards during an in person or telephonic meeting or by the unanimous written consent executed by all members of the Compensation Committee or the Board of Directors, as the case may be, it being understood that no equity award granted pursuant to any such written consent may have an effective date earlier than the date that all executed counterparts of such unanimous written consent are delivered to the General Counsel of the Company.

The grant-date fair value of our equity-based awards will be the closing sales price for a share of our common stock as reported on the New York Stock Exchange on the effective date of the grant as approved by the Compensation Committee or the Board of Directors, which date may not be prior to either the date such grant was approved or the commencement date of employment of the employee to whom the equity award is being made.

Our insiders can only buy or sell Company stock in accordance with our Insider Trading Policy, and our employees generally can only buy or sell Company stock in accordance with our Policy Statement on Inside Information and Insider Trading for All Employees.

NEOs are allowed to vote performance shares and restricted stock as a shareholder based on the number of shares held under restriction. Any dividends declared with respect to any performance share or restricted stock awards would be held until the awards vest, at which time the dividends would be paid to the NEOs. If performance shares or restricted stock are forfeited, the NEO's rights to receive the dividends declared with respect to those shares would be forfeited as well. At present, the Company does not pay dividends and it has no current intention to do so in the future.

### *Clawback Policy*

The Company has adopted a clawback policy that permits the Company to seek to recover certain amounts of incentive compensation, including both cash and equity, awarded to any executive officer (as defined in the Exchange Act) on or after January 1, 2014 if payment of such compensation was based on the achievement of financial results that were subsequently the subject of a restatement of our financial statements due to misconduct, and if the executive officer engaged in improper conduct that materially contributed to the need for restatement, and a lower amount of incentive compensation would have been earned based on the restated financial results.

### *Stock Ownership and Retention Policy*

The Compensation Committee believes that the Company's Board of Directors and NEOs should maintain a material personal financial stake in the Company through the ownership of shares of the Company's common stock to promote a long-term perspective in managing the enterprise and to align shareholder, director and executive interests.

Each of our NEOs are required to own shares of MEDNAX common stock with a value of not less than a specified multiple of his or her base salary. The policy also requires NEOs to retain 50% of net after-tax shares acquired during the year upon vesting (or exercise of stock options) unless his or her ownership level was satisfied as of the beginning of the year. These multiples were determined in accordance with current market practice.

**Table of Contents**

The chart below shows the multiple of base salary ownership requirements and actual ownership levels as of December 31, 2018:

<b>Name</b>	<b>Ownership Requirement</b>	<b>Ownership Level as of December 31, 2018</b>
Dr. Medel	6x base salary	45.4x base salary
Mr. Calabro	4x base salary	14.5x base salary
Mr. Farber	2x base salary	6.6x base salary
Mr. Clark	2x base salary	5.7x base salary
Mr. Andreano	2x base salary	2.7x base salary

As the table above reflects, our NEOs hold a significant investment in MEDNAX, which is a strong reflection of our culture and aligns with our compensation philosophy.

Shares that count toward the ownership requirement are as follows:

Owned outright by the NEO or Director, or by spouse or dependent children;

Held in trust for economic benefit of the NEO or Director, or spouse or dependent children;

Held in the MEDNAX 401(k) plan or other Company-sponsored benefit plan; and

Restricted shares/units for which the underlying performance conditions have been met and only remain subject to time-based vesting requirements or any restricted shares/units only subject to time-based vesting requirements or the achievement of performance goals established at the time of the grant solely to preserve tax deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

The Compensation Committee will evaluate NEO ownership levels annually and will review this policy from time to time and, following consultation with the Board of Directors, make modifications as necessary or appropriate.

*Anti-Hedging and Anti-Pledging Policy*

All MEDNAX directors, management, financial and other insiders are prohibited from engaging in transactions in MEDNAX securities or derivatives of MEDNAX securities that might be considered hedging, such as selling short or buying or selling options. In addition, it is against the policy for such persons to hold securities in margin accounts or pledge MEDNAX securities as collateral for a loan, unless such person clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities.

*Retirement and Deferred Compensation Plans*

We maintain a Thrift and Profit Sharing Plan (the 401(k) Plan), which is a 401(k) plan, to enable eligible employees to save for retirement through a tax-advantaged combination of elective employee contributions and our discretionary



matching contributions, and provide employees the opportunity to directly manage their retirement plan assets through a variety of investment options. The 401(k) Plan allows eligible employees to elect to contribute from 1% to 60% of their eligible compensation to an investment trust on a pre-tax and/or Roth after-tax basis, up to the maximum dollar amounts permitted by law. The 401(k) Plan also offers employees the option to voluntarily contribute additional funds on a non-deductible after-tax basis subject to certain limits. In 2018, the maximum employee pre-tax and/or Roth elective contribution to the 401(k) Plan was \$18,500, plus an additional \$6,000 for employees who were at least 50 years old in 2018. In 2019, the maximum employee pre-tax and/or Roth elective contribution to the 401(k) Plan will be \$19,000. Eligible compensation generally means all wages, salaries and fees for services from the Company, up to a maximum specified amount permitted by law.

---

**Table of Contents**

Matching contributions under the 401(k) Plan are discretionary. For 2018, the Company matched 100% of the first 4% of eligible compensation that each eligible participant contributed to the 401(k) Plan on his or her behalf. The portion of an employee's account under the 401(k) Plan that is attributable to matching contributions vests as follows: 30% after one year of service, 60% after two years of service, and 100% after three years of service. However, regardless of the number of years of service, an employee is fully vested in our matching contributions (and the earnings thereon) if the employee retires at age 65 or later, or terminates employment by reason of death or total and permanent disability. The 401(k) Plan provides for a variety of different investment options, in which the employee's and the Company's contributions are invested.

Although the Company maintains a non-qualified deferred compensation plan, none of the NEOs participate in that plan.

The amounts of the Company's matching contributions under the 401(k) Plan for 2018 for each of the NEOs are included in the "All Other Compensation" column of the Summary Compensation Table.

*Benefits and Perquisites*

We provide our NEOs with certain benefits designed to protect them and their immediate families in the event of illness, disability, or death. We believe it is necessary to provide these benefits in order for us to be successful in attracting and retaining executives in a competitive marketplace, and to provide financial security in these circumstances. NEOs are eligible for health and welfare benefits available to similarly situated eligible Company employees during active employment under the same terms and conditions. These benefits include medical, dental, vision, short-term and long-term disability and group-term life insurance coverage.

Pursuant to the terms of their Employment Agreements, each of the NEOs are entitled to 38 days paid time off each year for vacation, illness, injury, personal days and other similar purposes in accordance with our policies in effect from time to time. Any paid time off not used during a calendar year may be carried over to the next year to the extent permitted under those policies. Dr. Medel and Mr. Calabro each are entitled under their Employment Agreements to utilize, for personal travel, the aircraft that the Company leases. Dr. Medel's personal use of the aircraft may not exceed 95 hours of flight in any calendar year, and Mr. Calabro's personal use of the aircraft may not exceed 50 hours of flight in any calendar year without the consent of the Compensation Committee. The incremental cost to the Company of these benefits for Dr. Medel and Mr. Calabro is included in the "All Other Compensation" column of the Summary Compensation Table.

The Compensation Committee has reviewed our perquisites expenditures, and believes they continue to be an important element of the overall compensation package to retain current officers, and in fact command a higher perceived value than the actual cost.

*Termination of Employment and Change in Control Agreements*

As described in greater detail below, the Employment Agreements between the Company and each of the NEOs provide for the payment of certain compensation and benefits in the event of the termination of an executive's employment, the amount of which varies depending upon the reason for such termination. The Compensation Committee has reviewed the essential terms of these termination provisions, and believes they are reasonable, appropriate, and generally consistent with market practice. Those provisions include a reimbursement by the Company to Mr. Calabro of any excise tax imposed upon the executive pursuant to Section 4999 of the Code with respect to any excess parachute payments, as that term is defined in Section 280G of the Code, that the executive receives as a result of a Change in Control. In the case of Dr. Medel, his current Employment Agreement provides

that, if any amount payable to Dr. Medel in connection with a Change in Control would be subject to excise tax under Section 4999 of the Code, then the Company will reduce the payment to an amount equal to the largest portion of such payment that would result in no portion of such payment being subject to excise tax (unless such reduction would result in Dr. Medel receiving, on an after tax basis, an amount lower than

**Table of Contents**

the unreduced payment after taking into account all applicable federal, state and local employment taxes, income taxes and excise taxes, in which case the payment amount would not be reduced).

In certain situations pursuant to the terms of the award agreement or an executive's Employment Agreement, the performance and service requirements may be waived and vesting accelerated.

Additionally, any unvested restricted stock is generally forfeited upon termination of the employment of the NEOs. The Employment Agreements with our NEOs provide, however, that their restricted stock may vest or continue to vest after termination of employment in certain circumstances. For a more detailed explanation of the employment agreement terms governing vesting of equity in various termination events, please see the section below entitled Potential Payments upon Termination or Change in Control .

**Summary Compensation Table**

The following table sets forth the 2018, 2017 and 2016 compensation for our principal executive officer, principal financial officer, and our other NEOs for the time they were deemed to be NEOs.

Name and Principal Position	Year	Salary	Non-Equity Incentive			Total Compensation
			Stock Awards(1)	Plan Compensation	All Other Compensation	
Roger J. Medel, M.D. Chief Executive Officer	2018	\$ 1,000,000	\$ 8,000,040	\$ 669,000	\$ 268,977(2)	\$ 9,938,017
	2017	\$ 1,000,000	\$ 6,150,000	\$	\$ 215,508(2)	\$ 7,365,508
	2016	\$ 1,000,000	\$ 6,150,035	\$ 444,000	\$ 230,750(2)	\$ 7,824,785
Stephen D. Farber Executive Vice President and Chief Financial Officer	2018	\$ 192,882(3)	\$ 4,758,000	\$ 191,370	\$ 607,381(4)	\$ 5,749,633
Vivian Lopez-Blanco. Former Chief Financial Officer and Treasurer	2018	\$ 475,000	\$ 2,000,024	\$ 211,850	\$ 11,288(6)	\$ 2,698,162
	2017	\$ 475,000	\$ 1,300,029	\$	\$ 11,088(6)	\$ 1,786,117
	2016	\$ 454,167(5)	\$ 1,300,037	\$ 140,600	\$ 13,301(6)	\$ 1,908,105
Joseph M. Calabro President	2018	\$ 600,000	\$ 5,000,005	\$ 267,600	\$ 155,790(7)	\$ 6,023,395
	2017	\$ 600,000	\$ 3,750,025	\$	\$ 90,766(7)	\$ 4,440,791
	2016	\$ 600,000	\$ 3,750,056	\$ 177,600	\$ 142,749(7)	\$ 4,670,405
David A. Clark Chief Operating Officer	2018	\$ 483,333(8)	\$ 3,220,840	\$ 234,150	\$ 11,288(9)	\$ 3,949,611
	2017	\$ 450,000	\$ 1,600,034	\$ 337,500	\$ 18,266(9)	\$ 2,405,800

Dominic J. Andreano	2018	\$ 433,333(10)	\$ 1,353,036	\$ 211,850	\$ 11,288(11)	\$ 2,009,507
Senior Vice President, General Counsel and Secretary	2017	\$ 350,000	\$ 1,000,085	\$ 196,875	\$ 11,088(11)	\$ 1,558,048

- (1) Stock awards consist of performance-based restricted stock awards, time-based restricted stock awards and time-based restricted stock unit awards. The amounts in this column reflect the grant-date fair value of the awards, calculated in accordance with the accounting guidance for equity-based compensation, but excluding the impact of estimated forfeitures. The amounts included for any performance-based restricted stock awards are calculated based on the most probable outcome of the performance conditions for such awards on the grant date. See the Grants of Plan-Based Awards in 2018 table for information on restricted stock awards granted in 2018. For information regarding the assumptions made in calculating the amounts reflected in this column, see Note 13, Stock Incentive Plans and Stock Purchase Plans, to our Consolidated Financial Statements included in our 2018 Annual Report to Shareholders.
- (2) Reflects incremental costs in 2018, 2017 and 2016 of \$257,848, \$204,578, and \$217,870, respectively, for Dr. Medel's personal use of an aircraft, which MEDNAX leases, in accordance with his Employment Agreement, additional compensation in 2018, 2017 and 2016 of \$11,000, \$10,800 and \$10,600, respectively, for 401(k) thrift and profit sharing matching contributions, and costs incurred by MEDNAX of \$130, \$130 and \$141, respectively, for term life insurance coverage. Also includes costs incurred by MEDNAX in 2016 for spousal travel to and entertainment (recreational activities) at MEDNAX's annual board retreat which do not exceed the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits received in either year.
- (3) The salary amount provided represents actual paid salary for 2018. Mr. Farber joined the Company effective August 22, 2018.
- (4) Reflects additional compensation of \$300,000 for sign on bonus, \$300,000 for relocation expense allowance and costs incurred by MEDNAX of \$48 for term life insurance coverage.
- (5) The salary amount provided represents actual paid salary for 2016. Ms. Lopez-Blanco received an increase in base salary effective June 1, 2016.
- (6) Reflects additional compensation of \$11,000, \$10,800 and \$10,600, for 401(k) thrift and profit sharing matching contributions in 2018, 2017 and 2016, respectively, and other compensation of \$288, \$288 and \$260, respectively, for term life insurance coverage in 2018, 2017 and 2016. Also includes costs incurred by MEDNAX in 2016 for spousal travel to and entertainment (recreational activities) at MEDNAX's annual board retreat which does not exceed the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits received in either year.

**Table of Contents**

- (7) Reflects incremental costs in 2018, 2017 and 2016 of \$144,502, \$79,678 and \$129,726, respectively, for Mr. Calabro's personal use of an aircraft, which MEDNAX leases, in accordance with his Employment Agreement, additional compensation in 2018, 2017 and 2016 of \$11,000, \$10,800 and \$10,600, respectively, for 401(k) thrift and profit sharing matching contributions, and costs incurred by MEDNAX in 2018, 2017 and 2016 of \$288, \$288 and \$260, respectively, for term life insurance coverage. Also includes costs incurred by MEDNAX in 2016 for guest travel to and entertainment (recreational activities) at MEDNAX's annual board retreat which does not exceed the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits received in that year.
- (8) The salary amount provided represents actual paid salary for 2018. Mr. Clark received increases in base salary effective January 2018 and November 2018.
- (9) Reflects additional compensation of \$11,000 and \$10,800 for 401(k) thrift and profit sharing matching contributions in 2018 and 2017, respectively, costs incurred by MEDNAX of \$288 for term life insurance coverage in each of 2018 and 2017 and incremental costs of \$7,178 in 2017 for Mr. Clark's share of personal travel on an aircraft, which MEDNAX leases which use of such aircraft occurred during travel with either Dr. Medel or Mr. Calabro under the terms of each executive's Employment Agreement.
- (10) The salary amount provided represents actual paid salary for 2018. Mr. Andreano received increases in base salary effective January 2018 and November 2018.
- (11) Reflects additional compensation of \$11,000 and \$10,800 for 401(k) thrift and profit sharing matching contributions in 2018 and 2017, respectively, and costs incurred by MEDNAX of \$288 for term life insurance coverage in each of 2018 and 2017.

**Grants of Plan-Based Awards in 2018**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		Estimated Future Payouts Under Equity Incentive Plan Awards (Shares)(2)			Grant-Date Fair Value of Stock Awards(7)	
		Threshold	Target	Maximum	Threshold	Target		Maximum
Roger J. Medel, M.D.								
Annual cash incentive		\$ 0	\$ 1,500,000	\$ 3,000,000				
Performance share award	3/1/18				0	73,719	110,579	\$ 4,000,020
Restricted stock award	3/1/18						73,720(3)	\$ 4,000,020
Stephen Farber								
Annual cash incentive(4)		\$ 0	\$ 550,000	\$ 1,100,000				
Restricted stock award	8/27/18						100,000(5)	\$ 4,758,000
Vivian Lopez-Blanco								
Annual cash incentive		\$ 0	\$ 475,000	\$ 950,000				
Performance share award	3/1/18				0	18,430	27,645	\$ 1,000,012

Restricted stock award	3/1/18					18,430(3)	\$ 1,000,012
Joseph M. Calabro							
Annual cash incentive		\$ 0	\$ 600,000	\$ 1,200,000			
Performance share award	3/1/18			0	46,074	69,111	\$ 2,500,002
Restricted stock award	3/1/18					46,075(3)	\$ 2,500,002
David A. Clark							
Annual cash incentive		\$ 0	\$ 525,000	\$ 1,050,000			
Performance share award	3/1/18			0	9,676	14,514	\$ 525,020
Restricted stock award	3/1/18					9,676(3)	\$ 525,020
Restricted stock award	12/1/18					54,000(6)	\$ 2,170,800
Dominic J. Andreano							
Annual cash incentive		\$ 0	\$ 475,000	\$ 950,000			
Performance share award	3/1/18			0	6,911	10,367	\$ 375,018
Restricted stock award	3/1/18					6,912(3)	\$ 375,018
Restricted stock award	12/1/18					15,000(6)	\$ 603,000

- (1) These columns reflect the range of payouts for 2018 annual cash bonuses under the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended (the Plan). Amounts actually earned in 2018 are reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table. For a more detailed description of the annual cash awards, see the section entitled Annual Bonuses in CD&A.
- (2) Represents performance share awards granted under the Plan, for which shares earned had the ability to vary from 0% to 150% of target based on growth rates of net revenue and EBITDA during the initial measurement period. Award amounts were divided equally into performance share awards (50%) and time-based restricted stock (50%). 50% of the performance share award was tied to the Company's net revenue results and 50% of the performance share award was tied to the Company's EBITDA results; results for each metric were considered separately. Performance was measured over a one-year period from January 1, 2018 through December 31, 2018, and it was determined that the target shares were earned. The shares earned will vest in three equal increments over the first three anniversaries of the grant date (March 1, 2019, March 1, 2020 and March 1, 2021), subject to continued employment. Should there have been a Change in Control (as defined in the Plan), the performance metrics would have automatically been deemed to have been met at least the 100% level. Any shares not earned by March 31, 2019 would have been forfeited. For a more detailed description of our performance share awards and equity-based award granting policies, see the section entitled 2018 Equity-Based Awards in CD&A.
- (3) Represents restricted stock awards granted under the Plan, for which the vesting was contingent upon the Company achieving a performance goal established at the time of the grant to preserve tax deductibility under §162(m) of the Internal Revenue Code. The





**Table of Contents**

- performance goal was established as Company EBITDA for the twelve months ended December 31, 2018 and must have equaled or exceeded \$440 million. Should there have been a Change in Control (as defined in the Plan), the EBITDA performance measure for the Performance Based Restricted Shares would have automatically been deemed to have been met. The performance goal was achieved, and accordingly, the restricted stock awards will vest in three equal increments over the first three anniversaries of the grant date (March 1, 2019, March 1, 2020 and March 1, 2021), subject to continued employment. If, however, the EBITDA goal had not been met, then the restricted stock would have terminated and become null and void. For a more detailed description of our restricted stock and equity-based award granting policies, see the section entitled "2018 Equity-Based Awards" in CD&A.
- (4) Mr. Farber was eligible for a prorated cash bonus at target from his effective date of employment.
- (5) Represents restricted stock awards granted under the Plan in connection with Mr. Farber's initial employment with the Company. The restricted stock awards shall vest as follows: 50% on September 1, 2019, 30% on September 1, 2020 and 20% on September 1, 2021, subject to continued service on each such anniversary date.
- (6) Represents restricted stock awards granted under the Plan. The restricted stock awards shall vest as follows: 50% on December 1, 2019, 30% on December 1, 2020 and 20% on December 1, 2021, subject to continued service on each such anniversary date.
- (7) The grant-date fair value of the performance share awards and restricted stock awards is determined pursuant to the accounting guidance for equity-based compensation and represents the total amount that will be expensed in our financial statements over the relevant vesting periods. For information regarding the assumptions made in calculating the amounts reflected in this column, see Note 13, "Stock Incentive Plans and Stock Purchase Plans," to our Consolidated Financial Statements included in our 2018 Annual Report to Shareholders.

**Outstanding Equity Awards at 2018 Fiscal Year-End**

Name	Stock Awards	
	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested(1)
Roger J. Medel, M.D.	24,538(2)	\$ 809,754
	73,688(3)	\$ 2,431,704
	147,439(4)	\$ 4,865,487
Stephen D. Farber	100,000(7)	\$ 3,300,000
Vivian Lopez-Blanco	5,187(2)	\$ 171,171
	15,576(3)	\$ 514,008
	36,860(4)	\$ 1,216,380
Joseph M. Calabro	14,963(2)	\$ 493,779
	44,932(3)	\$ 1,482,756
	92,149(4)	\$ 3,040,917
David A. Clark	3,309(2)	\$ 109,197
	10,184(3)	\$ 336,072
	14,741(5)	\$ 486,453

	19,352(4)	\$	638,616
	54,000(6)	\$	1,782,000
Dominic J. Andreano	2,452(2)	\$	80,916
	5,991(3)	\$	197,703
	9,828(5)	\$	324,324
	13,823(4)	\$	456,159
	15,000(6)	\$	495,000

- (1) Based on a stock price of \$33.00, which was the closing price of a share of our common stock on the New York Stock Exchange on December 31, 2018.
- (2) These performance share awards and restricted stock awards vest on June 1, 2019.
- (3) These performance share awards and restricted stock awards vest in two equal increments on each of June 1, 2019 and June 1, 2020.
- (4) These performance share awards and restricted stock awards vest in three equal increments on each of March 1, 2019, March 1, 2020 and March 1, 2021.
- (5) These restricted stock unit awards vest on March 1, 2020.
- (6) The restricted stock awards vest 50% on December 1, 2019, 30% on December 1, 2020 and 20% on December 1, 2021.
- (7) The restricted stock awards vest 50% on September 1, 2019, 30% on September 1, 2020 and 20% on September 1, 2021.

**Table of Contents****Options Exercised and Stock Vested in Fiscal Year 2018**

Name	Option Awards		Stock Awards(1)	
	Number of Shares Acquired Upon Exercise	Value Realized Upon Exercise(2)	Number of Shares Acquired on Vesting	Value of Shares Realized Upon Vesting(3)
Roger J. Medel, M.D.		\$	92,464	\$ 4,239,474
Stephen D. Farber		\$		\$
Vivian Lopez-Blanco	40,000	\$ 858,400	18,788	\$ 861,430
Joseph M. Calabro		\$	56,381	\$ 2,585,069
David A. Clark		\$	11,607	\$ 532,181
Dominic J. Andreano	6,000	\$ 115,170	7,821	\$ 358,593

- (1) These columns reflect performance shares and restricted stock previously awarded to the NEO that vested during 2018.
- (2) Calculated based on the sales price received by the NEO upon the sale of the shares of MEDNAX common stock acquired upon the exercise of such stock options less the exercise price of such options.
- (3) Calculated based on the closing price of a share of our common stock on the New York Stock Exchange on the vesting date.

**Potential Payments Upon Termination or Change in Control**

In August 2011, the Company entered into a new Employment Agreement with Dr. Medel that replaced his previous Employment Agreement entered into in August 2008. In October 2017, the Company entered into an amendment to Dr. Medel's Employment Agreement to extend its term until August 2021. In August 2008, the Company entered into an Employment Agreement with Mr. Calabro. The Company entered into new Employment Agreements with each of Ms. Lopez-Blanco and Messrs. Clark and Andreano, in February 2018. In August 2018, the Company entered into an Employment Agreement with Mr. Farber. In February 2019, the Company entered into new Employment Agreements with Messrs. Clark and Andreano, which replaced their previous Employment Agreements. Each of these Employment Agreements provides for the Company to make certain payments and provide certain benefits to the executive upon termination of employment with the Company. Those provisions are summarized below.

*Termination by Company for Cause.* In the event that an executive's employment with the Company is terminated by the Company for Cause, then the Company will pay the executive his base salary through the termination date at the rate in effect at the termination date and reimburse the executive for any reasonable business expenses incurred through the date of termination.

The term "Cause" is defined in each of the Employment Agreements for Dr. Medel and Mr. Calabro to mean the executive's (i) engagement in (A) willful misconduct resulting in material harm to the Company, or (B) gross negligence; (ii) conviction of, or pleading *nolo contendere* to, a felony or any other crime involving fraud, financial misconduct, or misappropriation of the Company's assets; (iii) willful and continual failure, after written notice, to (A) perform substantially his employment duties consistent with his position and authority, or (B) follow, consistent with his position, duties, and authorities, the reasonable lawful mandates of his supervisor; or (iv) breach of the

requirements of his employment agreement with respect to the Company's confidential information. For purposes of this definition, acts or omissions taken by the executive in a good faith belief that they were in the best interests of the Company or if done at the express direction of the Company's Board of Directors will not be deemed willful or grossly negligent. In each of the Employment Agreements for Messrs. Farber and Clark, the term "Cause" is defined to mean (i) engagement in (A) willful misconduct resulting in material harm to the Company, or (B) gross negligence; (ii) conviction of, or pleading *nolo contendere* to, a felony or any other crime involving fraud, financial misconduct, or misappropriation of the Company's assets; (iii) willful and continual failure, after written notice, to (A) perform substantially his employment duties consistent with his position and authority, or (B) follow, consistent with his position, duties, and authorities, the reasonable lawful mandates of his supervisor or the Company's Board of Directors; (iv) failure or refusal to comply with a reasonable policy, standard or regulation of Employer in any material respect; or (v) breach of the requirements of his employment agreement with respect to the Company's confidential information. In the Employment Agreement for Mr. Andreano, the term "Cause" is defined to mean (i) any act or omission of the executive which is materially contrary to the business interests, reputation or goodwill of the Company; (ii) a

**Table of Contents**

material breach by the executive of his obligations under the Employment Agreement, which breach is not promptly remedied upon written notice from the Company; (iii) the executive's refusal to perform his duties as assigned pursuant to the Employment Agreement other than a refusal which is remedied by the executive promptly after receipt of written notice thereof by the Company; or (iv) the executive's failure or refusal to comply with a reasonable policy, standard or regulation of the Company in any material respect.

*Termination by Executive due to Poor Health or due to Executive's Death.* In the event that an executive terminates his employment due to the executive's health becoming impaired to any extent that makes the continued performance of his duties hazardous to the executive's physical or mental health or life ( Poor Health ), or the executive's employment terminates because of his death, then the Company will pay to the executive (or his estate) his base salary to the termination date, pay the executive a pro rata portion of the bonus that the executive would have received had his employment not terminated (as determined in accordance with the Employment Agreement) and reimburse the executive for any reasonable business expenses incurred through the date of termination. In addition, if the executive terminates his employment due to Poor Health, the executive will receive any disability payments otherwise payable under any plans provided by the Company.

*Termination due to Disability.* If the Company terminates the employment of Dr. Medel or Mr. Calabro by reason of his Disability, then the Company will continue to pay Dr. Medel and Messrs. Calabro, Farber, Clark and Andreano base salary for a period of 12 months after the termination date and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated.

*Termination by Company without Cause or by Executive for Good Reason or due to Change in Control.* If the Company terminates the employment of Dr. Medel or Mr. Calabro without Cause (which requires not less than 90 days' notice), or Mr. Calabro terminates his employment for any reason within one year after a Change in Control, the Company terminates the employment of Mr. Calabro within 24 months following a Change in Control, or Dr. Medel or Mr. Calabro terminates his employment for Good Reason, then the Company will (a) pay that executive's base salary through the termination date plus any reimbursement owed to that executive for any reasonable business expenses incurred through the date of termination, (b) continue to pay the executive's base salary for a period of 24 months after the termination date, (c) on the first and second anniversaries of the termination date, pay the executive an amount equal to the greater of his average annual performance bonus or his bonus for the year immediately preceding his termination and (d) pay the executive a pro rata portion of the bonus he would have received for the year in which his employment terminates. If the termination is due to a Change in Control, then the performance bonuses referred to in (c) above would be paid to the executive in a lump sum within 90 days of the termination date. If the Company terminates the employment of Dr. Medel without Cause or Dr. Medel terminates his employment for Good Reason in either case within 24 months following a Change in Control, the Company will pay his base salary through the termination date plus any reimbursement owed to him for any reasonable business expenses incurred through the date of termination and continue to pay Dr. Medel's base salary for 36 months after the termination date and, within 90 days following such termination date, an amount equal to three times the greater of his average annual performance bonus or his bonus for the year immediately preceding his termination. If the Company terminates the employment of Messrs. Farber or Clark without Cause, or Messrs. Farber or Clark terminates his employment for Good Reason following a Change in Control, then the Company will (a) pay that executive's base salary through the termination date plus any reimbursement owed to that executive for any reasonable business expenses incurred through the date of termination, (b) continue to pay the executive's base salary for a period of 24 months after the termination date, (c) on the first anniversary of the termination date, pay the executive an amount equal to 1.5 times the executive's average annual performance bonus, and (d) pay the executive a pro rata portion of the bonus he would have received for the year in which his employment terminates. For this purpose, average annual performance bonus means the average of the executive's earned performance bonus as a percentage of base salary for the three years preceding such termination date, multiplied by the executive's base salary at the time of termination. If Mr. Andreano terminates his employment

for Good Reason (other than a Change in Control Good Reason, as defined below), then the Company will (a) pay him base salary through the termination

**Table of Contents**

date plus any reimbursement owed to him for any reasonable business expenses incurred through the date of termination, (b) continue to pay him base salary for a period of 12 months (18 months if termination is in connection with a Change in Control) after the termination date in the case of Ms. Lopez-Blanco and base salary for a period of 18 months (24 months if termination is in connection with a Change in Control) after the termination date in the case of Mr. Andreano, (c) pay him a pro rata portion of the performance bonus he would have received for the year in which his employment terminates, and (d) pay the executive an amount equal to the greater of his average annual performance bonus (as defined in his Employment Agreement) or his bonus for the year immediately preceding his termination. If the Company terminates the employment of Mr. Andreano without Cause, then the Company will (a) pay his base salary through the termination date plus any reimbursement owed to him for any reasonable business expenses incurred through the date of termination, (b) continue to pay his base salary for a period of 18 months after the termination date, (c) pay him a pro rata portion of the performance bonus he would have received for the year in which his employment terminates, and (d) within 30 days of the first anniversary of the termination date, pay him an amount equal to his average annual performance bonus. For this purpose, average annual performance bonus means (i) the average of the percentage of the performance bonus target achieved by the executive for the three full calendar years prior to the termination date. If the termination is due to a Change in Control, then the performance bonuses referred to in (d) above would be paid to the executive in a lump sum within 90 days of the termination date. For purposes of this definition, Good Reason will not be deemed to exist unless the executive provides the Company with written notice of the existence of such condition within 180 days after the initial existence of the condition and the Company fails to remedy the condition within 30 days after its receipt of such notice.

The Employment Agreement for each of Dr. Medel and Mr. Calabro defines Good Reason to mean (i) a material diminution in the executive's base salary or performance bonus eligibility; (ii) a material diminution in the executive's authority, duties, or responsibilities; (iii) a material diminution in the authority, duties or responsibilities of the supervisor to whom the executive is required to report, including, in the case of the Chief Executive Officer, a requirement that Dr. Medel report to a corporate officer or employee instead of reporting directly to the Board of Directors of the Company; (iv) a material diminution in the budget over which the executive retains authority; (v) a material change in the geographic location at which the executive must perform the services under his Employment Agreement; or (vi) any other action or inaction that constitutes a material breach by the Company under his Employment Agreement. The Employment Agreement for Mr. Farber defines Good Reason to mean (i) a decrease in the executive's base salary; (ii) a decrease in the performance bonus potential utilized by the Company in determining a performance bonus for the executive; (iii) a failure by the Compensation Committee to approve an annual equity grant of at least the amount set forth in his Employment Agreement; (iv) assigned any position, duties, responsibilities or compensation that is inconsistent with his current position, duties, responsibilities or compensation; (v) a material diminution in his authorities, duties or responsibilities, provided that, if following a Change in Control, the Company's stock is no longer listed for trading on a national securities exchange, Mr. Farber has Good Reason to terminate his employment; (vi) Mr. Farber is required to report to any person other than the senior most executive officer of the Company, the Board or a duly constituted committee thereof, or if the senior most executive officer of the Company is any person other than Dr. Medel or Mr. Calabro, unless Mr. Farber becomes the senior most executive officer of the Company; (vii) there is a material diminution in the authority, duties, or responsibilities of the senior most executive officer of the Company, other than such a material diminution with respect to Dr. Medel, where such authority, duties or responsibilities are transferred to Mr. Calabro; (viii) Mr. Farber is required to be based in any office or location outside of the metropolitan area where the Company's present corporate offices are located; or (ix) any other action or inaction that constitutes a material breach of this Agreement by Employer. The Employment Agreement for Messrs. Clark and Andreano defines Good Reason to mean (i) a decrease in the executive's base salary; (ii) a decrease in the performance bonus potential utilized by the Company in determining a performance bonus for the executive or failure by the Compensation Committee to approve an annual equity award in an amount consistent with the requirements of his Employment Agreement; (iii) within a two year period after a Change in Control, the executive is either (a) assigned any position, duties, responsibilities or compensation that is inconsistent with his position, duties,

responsibilities or compensation prior to such Change in Control, or (b) required to report to any other person other than the President or Chief



---

**Table of Contents**

Executive Officer of Employer in place just prior to the Change in Control (provided that the executive is not Chief Executive Officer of the Company or its equivalent and reports directly to the Board), or (c) forced to relocate to another location more than 25 miles from the Company's location prior to the Change in Control (each of (iii)(a), (b) and (c) a "Change in Control Good Reason"); (iv) the assignment to the executive of any officer position inconsistent with his present position or material diminution in authority, other than any isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of written notice; (v) the requirement by the Company that the executive be based in any office or location outside of the metropolitan area where the Company's present corporate offices are located, except for travel reasonably required in the performance of the executive's duties; or (vi) any other action or inaction that constitutes a material breach by the Company of the executive's Employment Agreement.

The term "Change in Control" is defined in each executive's Employment Agreement to mean (i) the acquisition by a person or an entity or a group of persons and entities, directly or indirectly, of more than 50% of the Company's common stock in a single transaction or a series of transactions (hereinafter referred to as a "50% Change in Control"); (ii) a merger or other form of corporate reorganization resulting in an actual or *de facto* 50% Change in Control; or (iii) the failure of Applicable Directors (as defined below) to constitute a majority of the Company's Board of Directors during any two (2) consecutive year period after the date of each of the executive's Employment Agreement (the "Two-Year Period"). Applicable Directors means those individuals who are members of the Company's Board of Directors at the inception of the Two-Year Period and any new Director whose election to the Board of Directors or nomination for election to the Board of Directors was approved (prior to any vote thereon by the shareholders) by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the Two-Year Period at issue or whose election or nomination for election during such Two-Year Period was previously approved as provided in this sentence.

*Termination by Executive.* An executive may terminate his employment, other than for Good Reason or due to a Change in Control, upon 90 days' notice to the Company. In such event, the Company will continue to pay the executive his base salary through the termination date, and in the case of Dr. Medel and Mr. Calabro, if in connection with such termination the executive gives sufficient notice and executes a general release of the Company, then the Company will pay the executive a pro rata portion of the bonus that the executive would have received had his employment not terminated (as determined in accordance with his Employment Agreement). In addition, the Company will reimburse each executive for any reasonable business expenses incurred through the date of termination. If the Company specifies a termination date for the employment of any of the NEOs that is less than 90 days, as applicable after the Company's receipt of written notice of such termination from the executive, then the Company will continue to pay to the executive his base salary for a period ending on such 90<sup>th</sup> day.

*Employment Transition and Severance Agreement.* If the Company so requests within five business days following a termination of the employment of Dr. Medel or, Mr. Calabro by reason of the executive's Disability, termination by the Company without Cause, termination by the executive due to Poor Health, or termination by the executive for Good Reason, then the executive will continue to be employed by the Company on a part-time basis for a period (the "transition period") to be determined by the Company of up to 90 days, unless extended by mutual agreement. During this transition period, the executive is required to perform such services as may reasonably be required for the transition to others of matters previously within the executive's responsibilities. Unless otherwise mutually agreed, the executive will not be required to serve more than five days per month during the transition period. For services during the transition period, the executive will be compensated at a daily rate equal to his base salary immediately prior to the termination of his employment divided by 365.

*Continuation of Group Health Coverage.* The Employment Agreement for each named executive officer also provides for the continuation in any self-insured, group health plan sponsored by the Company as if the executive were still an

employee of the Company during any severance period or transition period. For this purpose, severance period means the period after the termination date during which the executive continues to receive base salary payments following the termination of employment as described above. In addition, upon

---

**Table of Contents**

termination of the executive's employment for any reason (in the case of Dr. Medel or, in the case of the other executives for any reason other than Cause) and only if the executive and his eligible dependents first irrevocably decline any continuation coverage provided pursuant to the applicable provisions in the Employee Retirement Income Security Act of 1974, the executive and his eligible dependents will be entitled to elect to continue in any self-insured, group health plan sponsored by the Company as if the executive were still an employee of the Company (the

Enhanced Coverage), during a period of five years following the later of the termination date, the end of the severance period or the end of the transition period. In its sole discretion, the Company may provide healthcare insurance to the executive and his eligible dependents through one or several insurance carriers selected by the Company in lieu of the Enhanced Coverage (the Alternate Enhanced Coverage), provided the coverage is substantially comparable. The executive will pay the full cost of the Enhanced Coverage or the cost of the Alternate Enhanced Coverage, up to the cost of the plan for such period of coverage for similarly situated employees and covered beneficiaries.

*Payments in the Event of a Change in Control.* The Employment Agreement for Mr. Calabro requires the Company to increase or gross-up any amounts payable to Mr. Calabro that are contingent upon a Change in Control by an amount that will reimburse the executive, on an after-tax basis, for any excise tax imposed under Section 4999 of the Code, on any amounts that are deemed to be excess parachute payments, and for any interest or penalties incurred by an executive with respect to any such excise tax.

*Vesting of Equity Awards.* The Employment Agreement for each of Dr. Medel and Mr. Calabro provides that all unvested stock options, stock appreciation rights, restricted stock and other stock based awards granted to an executive by the Company will continue to vest until fully vested following the termination of an executive's employment due to Disability, termination without Cause, Good Reason, Poor Health or death. In addition, in the event of a Change in Control, for each of Dr. Medel and Mr. Calabro, such awards will automatically vest and, in the case of stock options and stock appreciation rights, become immediately exercisable. In the event Messrs. Farber or Clark's employment is terminated by the Company without Cause, or by the executive for Good Reason, any unvested equity awards shall automatically vest. Further, in the event Mr. Farber's employment is terminated due to Disability, Poor Health or death, any unvested equity awards shall automatically vest. In the event Messrs. Clark or Andreano's employment is terminated due to Disability or death, all unvested stock options, stock appreciation rights, restricted stock and other stock based awards granted to him by the Company will continue to vest until fully vested following the termination of his employment. In the event that, at any time following a Change in Control, Mr. Andreano is terminated by the Company without Cause or by the executive for Good Reason, provided that termination by the executive for Good Reason related to a diminution in duties following a Change in Control must occur within the 24-month period following a Change in Control, any unvested stock options, unvested restricted stock, unvested stock appreciation rights and other unvested incentive compensation awards, held by the executive on the termination date will automatically vest and, in the case of stock options, become immediately exercisable as of the effective date of such termination.

In the case of Messrs. Clark and Andreano, their Employment Agreements also provide that unvested equity awards will vest in certain situations following a Change in Control absent a termination of the Executive's employment unless more favorable provisions are included in a particular grant. If, prior to the one year anniversary of the effective date of a Change in Control, the employment by the Company or its affiliates or successors of both Dr. Medel and Mr. Calabro is terminated for any reason, or they both no longer hold the positions they held just prior to the Change in Control (and neither holds the top executive position in the Company), then the unvested equity awards granted to each of Messrs. Clark and Andreano will become fully vested and payable to the executive on the first anniversary of the effective date of the Change in Control; provided, however, that any portion of the unvested equity awards that is scheduled to become vested and payable pursuant to its terms prior to the first anniversary of such Change in Control will become vested and payable to the executive pursuant to its terms. Further, if, after the one year anniversary of the effective date of a Change in Control, the employment by the Company or its affiliates or successors of both

Dr. Medel and Mr. Calabro is terminated for any reason, or they both no longer hold the positions they held just prior to the Change in Control (provided that neither holds the top executive position in the Company), then the unvested

**Table of Contents**

equity awards granted to each of Messrs. Clark and Andreano will become fully vested and payable to the executive on the one year anniversary of the termination date, or date of the change in position of Roger J. Medel, M.D. or Joseph M. Calabro, whichever termination date or date in change of position is later; provided, however, that any portion of the unvested equity awards that is scheduled to become vested and payable pursuant to its terms prior to the one year anniversary of such termination date or date of change in position will become vested and payable to the executive pursuant to its terms. In either case, the vesting of the unvested equity awards is subject to continued employment of Messrs. Clark or Andreano through the date on which the unvested equity awards would vest in the situations described above.

*Payments of Unused Leave Time.* In accordance with the Company's paid time off policies, an executive officer will be paid any earned but unused paid time off upon termination. This payment will occur in all termination events. In addition to the leave time that the executive accrues in any year, such executive may carry forward 15 days of leave time from the prior year; therefore, the maximum payout upon termination for each executive would be the value of such executive's contracted annual leave time plus 15 carry-over days.

*Restrictive Covenants.* Pursuant to his or her Employment Agreement, each executive officer is subject to certain restrictive covenants that survive termination of employment. If the executive fails to comply with any of those restrictive covenants, he or she will not be entitled to receive any further payments or benefits as a result of the termination of his or her employment (other than his or her base salary through the date of termination and reimbursement of any reasonable business expenses incurred through the date of termination). In addition, the Company then will have the right to terminate without advance notice any future payments and benefits of every kind that otherwise would be due to the executive on account of his or her termination of employment.

The following tables illustrate the payments and benefits that each of Dr. Medel and Messrs. Calabro, Clark and Andreano would have received under his or her Employment Agreement if his employment with the Company had terminated for any of the reasons described above on December 31, 2018. The amounts presented in the tables, reflect compensation (including equity ownership) at such year end, are estimates only and do not necessarily reflect the actual value of the payments and other benefits that would be received by the NEOs, which would only be known at the time that employment actually terminates.

Executive	Compensation Components	Change in Control	TRIGGERING EVENT						
			By Executive without Good Reason	By Company for Cause	By Company without Cause	By Executive for Good Reason	By the Company by Reason of Executive's Disability	By Executive Due to Poor Health or Due to Executive Death	
Roger J. Medel, M.D.	Cash Severance(1)	\$ 5,130,000	\$ 669,000	\$ (10)	\$ 4,089,000	\$ 4,089,000	\$ 1,669,000	\$ 669,000	
	Long-term Incentives(4)	8,106,945			8,106,945	8,106,945	8,106,945	8,106,945	
	Other Compensation(7)	198,000	198,000	198,000	198,000	198,000	198,000	198,000	
	<b>Total Benefit to Employee</b>	<b>\$ 13,434,945</b>	<b>\$ 867,000</b>	<b>\$ 198,000</b>	<b>\$ 12,393,945</b>	<b>\$ 12,393,945</b>	<b>\$ 9,973,945</b>	<b>\$ 8,973,945</b>	
	Cash Severance(3)	\$ 2,666,370	\$	\$ (10)	\$ 2,116,370	\$ 1,841,370	\$ 1,016,370	\$ 191,370	

Stephen D. Farber	Long-term Incentives(6)	3,300,000			3,300,000	3,300,000	3,300,000	3,300,000
	<b>Total Benefit to Employee</b>	<b>\$ 5,966,370</b>	<b>\$</b>	<b>\$</b>	<b>\$ 5,416,370</b>	<b>\$ 5,141,370</b>	<b>\$ 4,316,370</b>	<b>\$ 3,491,370</b>
Joseph M. Calabro	Cash Severance(2)	\$ 2,043,600	\$ 267,600	\$	(10)\$ 2,043,600	\$ 2,043,600	\$ 867,600	\$ 267,600
	Long-term Incentives(4)	5,017,452			5,017,452	5,017,452	5,017,452	5,017,452
	Section 280G Gross-up(5)							
	<b>Total Benefit to Employee</b>	<b>\$ 7,061,052</b>	<b>\$ 267,600</b>	<b>\$</b>	<b>\$ 7,061,052</b>	<b>\$ 7,061,052</b>	<b>\$ 5,885,052</b>	<b>\$ 5,285,052</b>
David A. Clark	Cash Severance(8)	\$ 1,336,650	\$	\$	(10)\$ 1,336,650	\$ 1,074,150	\$ 496,650	\$ 234,150
	Long-term Incentives(9)	3,352,338					3,352,338	3,352,338
	<b>Total Benefit to Employee</b>	<b>\$ 4,688,988</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,336,650</b>	<b>\$ 1,074,150</b>	<b>\$ 3,848,988</b>	<b>\$ 3,586,488</b>
Dominic Andreano	Cash Severance(8)	\$ 1,199,850	\$	\$	(10)\$ 1,199,850	\$ 962,350	\$ 449,350	\$ 211,850
	Long-term Incentives(9)	1,554,102					1,554,102	1,554,102
	<b>Total Benefit to Employee</b>	<b>\$ 2,753,952</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,199,850</b>	<b>\$ 962,350</b>	<b>\$ 2,003,452</b>	<b>\$ 1,765,952</b>

---

**Table of Contents**

- (1) Cash severance includes: (i) in the case of a termination by the executive without Good Reason, base salary through the date of termination, the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year, as set forth in the Summary Compensation Table, if the executive had not been terminated so long as the executive gives sufficient notice and executes a general release of Company plus any reimbursement owed to the executive for reasonable business expenses incurred through the date of termination, (ii) in the case of termination by the Company without Cause or by the executive for Good Reason, (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 24 months after the termination date, (c) on the first and second anniversaries of the termination date, the greater of the executive's average annual performance bonus (as defined in the executive's Employment Agreement) or his prior year's bonus (this amount is paid as a lump sum within 90 days of the termination date if the termination is in connection with a Change in Control) and (d) the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, (iii) in the case of termination by the Company without Cause or Dr. Medel for Good Reason, in either case within 24 months following a Change in Control: (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 36 months after the termination date, (c) within 90 days following such termination, an amount equal to three times the greater of the executive's average annual performance bonus (as defined in the executive's Employment Agreement) or his prior year's bonus, and (iv) in the case of termination by the Company on account of the executive's Disability, continuation of base salary for a period of 12 months after the termination date and the actual performance bonus, on a pro rata basis, that would have been payable to executive for the fiscal year if executive had not been terminated, and (v) in the case of termination by the executive due to executive's Poor Health or Death, the executive's base salary through the termination date, the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated plus any reimbursement owed to the executive for reasonable business expenses incurred through the date of termination.
- (2) Cash severance includes: (i) in the case of a termination by the executive without Good Reason, base salary through the date of termination, the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year, as set forth in the Summary Compensation Table, if executive had not been terminated so long as the executive gives sufficient notice and executes a general release of Company plus any reimbursement owed to the executive for reasonable business expenses incurred through the date of termination, (ii) in the case of termination by the Company without Cause or by the executive for Good Reason or due to Change in Control, (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 24 months after the termination date, (c) on the first and second anniversaries of the termination date, the greater of the executive's average annual performance bonus (as defined in the executive's Employment Agreement) or his prior year's bonus (this amount is paid as a lump sum within 90 days of the termination date if the termination is in connection with a Change in Control) and (d) the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, (iii) in the case of termination by the Company on account of the executive's Disability, continuation of base salary for a period of 12 months after the termination date and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (iv) in the case of termination by the executive due to the executive's Poor Health or Death, the executive's base salary through the termination date, plus any reimbursement owed to the executive for reasonable business expenses incurred through the date of termination, and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated.

- (3) Cash severance includes: (i) in the case of termination by the Company without Cause, (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 24 months after the termination date, (c) the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (d) the executive's average annual performance bonus (as defined in the executive's Employment Agreement), (ii) in the case of termination by the Executive for Good Reason, (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 18 months after the termination date (24 months in the case of Good Reason Change in Control as defined in the Executive's Employment Agreement), (c) an amount equal to 1.5 times the executive's average annual performance bonus (as defined in the executive's Employment Agreement), and (d) the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (iii) in the case of termination by the Company on account of the executive's Disability, the Company will pay the executive his base salary for a period of twelve months after the termination date and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (iv) in the case of termination by the executive due to the executive's Poor Health or Death, the executive's base salary through the termination date, plus any reimbursement owed to the executive for reasonable business expenses incurred through the date of termination and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated.
- (4) This amount reflects the value of each of the executive's unvested restricted stock as of December 31, 2018, that would continue to vest until fully vested if a specified termination event had occurred on December 31, 2018. In the case of a Change in Control, the vesting of such unvested restricted stock is immediate whether or not the executive's employment is terminated.
- (5) If both a Change in Control occurred and the executive's employment terminated on December 31, 2018, and the executive received the estimated payments shown in the Change in Control column of this table on that date, those payments would not have resulted in any excess parachute payment under Section 280G of the Code and thus no gross-up payments would have been required with respect to those payments. Whether or not a payment will constitute an excess parachute payment, however, depends not only upon the value of the payments that are contingent upon a Change in Control but also upon the average of an executive's W-2 compensation for the five years immediately prior to the year in which the Change in Control occurs. Thus, facts and circumstances at the time of any Change in Control and termination thereafter, as well as changes in the executive's compensation history preceding the Change in Control, could materially impact whether and to what extent any excise tax would be imposed and therefore the amount of any gross-up payment.



**Table of Contents**

- (6) This amount reflects the value of the executive's unvested restricted stock as of December 31, 2018, that would vest if a specified termination event had occurred on December 31, 2018.
- (7) If Dr. Medel's employment is terminated for any reason, the Company will reimburse Dr. Medel for mutually agreed upon lease space and reasonable wages to an administrative assistant for two years from his date of termination. This amount represents the approximate cost of lease space and reasonable wages to an administrative assistant for two years.
- (8) Cash severance includes: (i) in the case of termination by the Company without Cause, (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 18 months after the termination date, (c) the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (d) the executive's average annual performance bonus (as defined in the executive's Employment Agreement), (ii) in the case of termination by the Executive for Good Reason, (a) continuation of base salary through the termination date, plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination, (b) continuation of base salary for 12 months after the termination date (18 months in the case of Good Reason Change in Control as defined in the Executive's Employment Agreement), (c) the greater of the executive's average annual performance bonus (as defined in the executive's Employment Agreement) or his prior year's performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (d) the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (iii) in the case of termination by the Company on account of the executive's Disability, the Company will pay the executive 50% of his base salary for a period of six months after the termination date and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated, and (iv) in the case of termination by the executive due to the executive's Poor Health or Death, the executive's base salary through the termination date, plus any reimbursement owed to the executive for reasonable business expenses incurred through the date of termination and the actual performance bonus, on a pro rata basis, that would have been payable to the executive for the fiscal year if the executive had not been terminated.
- (9) This amount reflects the value of each of the executive's unvested restricted stock as of December 31, 2018, that would continue to vest until fully vested if a specified termination event had occurred on December 31, 2018. Other than as determined by the Compensation Committee for any particular grant, in the case of a Change in Control, the vesting of such unvested restricted stock is immediate in the case of termination by the Company without Cause or by the executive for Good Reason following a Change in Control, or in the event that termination by the executive for Good Reason related to a diminution in duties following a Change in Control occurs within the 24-month period of a Change in Control, any unvested restricted stock will automatically vest.
- (10) If the executive is terminated for Cause, then the Company will continue to pay the executive his base salary through the termination date plus any reimbursement owed to the executive for any reasonable business expenses incurred through the date of termination.

**Table of Contents**

**CHIEF EXECUTIVE OFFICER PAY RATIO**

Our CEO's annual total compensation for 2018 was \$9,938,017, as reflected in the Summary Compensation Table included in this Proxy Statement. The calculation of annual total compensation of all employees, excluding our CEO, as of December 31, 2018 was determined using 2018 W-2 compensation, on an annualized basis for full-time employees who were not employed by us for all of 2018. Our median employee's annual total compensation for 2018 was \$90,996. As a result, we estimate that our CEO's 2018 annual total compensation was approximately 109 times that of our median employee.

**Table of Contents****DIRECTOR COMPENSATION**

Each non-employee Director receives the following compensation for their service: (i) an annual retainer fee of \$65,000, payable quarterly, (ii) an annual fee of \$7,500 for attendance at meetings, payable quarterly, (iii) an additional annual retainer fee of \$50,000, payable quarterly, for the Chairman of the Board of Directors and an additional annual retainer fee of \$25,000, payable quarterly, for the Lead Independent Director, (iv) an additional annual retainer fee of \$20,000, payable quarterly, for the chair of the Audit Committee, and (v) an additional annual retainer fee of \$10,000 per committee, payable quarterly, for the chair of any committee of the Board of Directors other than the Audit Committee. In addition, each year, each non-employee Director is granted restricted stock with a grant date fair value of \$127,500, vesting in equal annual increments over a three-year period commencing on the anniversary of the date of grant.

The Board of Directors' policy for awarding restricted stock also applies to each non-employee Director upon his or her initial election or appointment to the Board of Directors. The grant date fair value of the award will be \$200,000 with a three-year vesting period. We provide grants of equity to our Directors because we believe that it helps foster a long-term perspective and aligns our Directors' interests with that of our shareholders. All non-management members of our Board of Directors are required to own MEDNAX common stock worth three times their annual base cash retainer fee. MEDNAX also reimburses all of its Directors for out-of-pocket expenses incurred in connection with the rendering of services as a Director.

The following table includes all non-employee Directors who served in 2018. Dr. Medel does not earn additional income for his service as a Director.

<b>Name</b>	<b>Fees Earned or Paid in Cash(1)</b>	<b>Stock Awards(2)</b>	<b>All Other Compensation</b>	<b>Total Compensation</b>
Cesar L. Alvarez	\$ 122,500	\$ 127,511	\$	\$ 250,011
Manuel Kadre	\$ 107,500	\$ 127,511	\$	\$ 235,011
Karey D. Barker	\$ 72,500	\$ 127,511	\$	\$ 200,011
Waldemar A. Carlo, M.D.	\$ 82,500	\$ 127,511	\$	\$ 210,011
Michael B. Fernandez	\$ 72,500	\$ 127,511	\$	\$ 200,011
Paul G. Gabos	\$ 92,500	\$ 127,511	\$	\$ 220,011
Pascal J. Goldschmidt, M.D.	\$ 82,500	\$ 127,511	\$	\$ 210,011
Donna E. Shalala, Ph.D.(3)	\$ 18,125	\$ 127,511	\$	\$ 145,636
Enrique J. Sosa, Ph.D.	\$ 72,500	\$ 127,511	\$	\$ 200,011

(1) This column reports the amount of cash compensation earned in 2018 for Board and committee service.

(2) The amounts in this column reflect the grant-date fair value of the restricted stock awards, calculated in accordance with the accounting guidance for equity-based compensation, but excluding the impact of estimated forfeitures.

The following Directors had outstanding stock option awards and restricted stock awards, respectively, at the end of fiscal year 2018: Mr. Alvarez (18,202 and 4,503), Mr. Kadre (-0- and 4,503), Ms. Barker (-0- and 4,503), Dr. Carlo (35,786 and 4,503), Mr. Fernandez (-0- and 4,503), Mr. Gabos (18,202 and 4,503), Dr. Goldschmidt (-0- and 4,503), Dr. Shalala (-0- and -0-) and Dr. Sosa (35,786 and 4,503).

(3) Dr. Shalala retired from the Company's Board of Directors in March 2018.



**Table of Contents****SHARE OWNERSHIP INFORMATION****Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires MEDNAX's Directors and executive officers, and persons who own more than 10% of our common stock, to file with the SEC reports of ownership and changes in ownership of our common stock. Our Directors, executive officers and greater than 10% shareholders are also required by rules promulgated by the SEC to furnish MEDNAX with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such reports furnished to MEDNAX, the absence of a Form 3, 4 or 5, or representations from certain reporting persons that no Forms 5 were required, MEDNAX believes that all Section 16(a) filing requirements applicable to its Directors, officers and greater than 10% beneficial owners were complied with during the fiscal year ended December 31, 2018.

**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information concerning the beneficial ownership of common stock of MEDNAX as of March 11, 2019, for the following:

Each person known to us to be a beneficial owner of more than 5% of our outstanding shares of common stock;

Each of our Directors;

Our Chief Executive Officer and our other NEOs; and

All of our Directors and executive officers as a group.

<b>Name of Beneficial Owner(1)</b>	<b>Common Stock</b>	
	<b>Beneficially Owned(2)</b>	
	<b>Shares</b>	<b>Percent</b>
T. Rowe Price Associates, Inc.(3)	8,800,851	10.0%
BlackRock, Inc.(4)	8,511,392	9.7%
The Vanguard Group(5)	7,918,283	9.0%
Roger J. Medel, M.D.(6)	1,558,878	1.8%
Cesar L. Alvarez(7)	61,888	*
Karey D. Barker(8)	13,061	*
Waldemar A. Carlo, M.D.(9)	45,287	*
Michael B. Fernandez(10)	100,288	*
Paul G. Gabos(11)	37,798	*
Pascal J. Goldschmidt, M.D.(12).	24,121	*
Manuel Kadre(13)	119,596	*

Edgar Filing: MEDNAX, INC. - Form DEF 14A

Enrique J. Sosa, Ph.D.(14)	50,835	*
Joseph M. Calabro(15)	429,408	*
Stephen D. Farber(16)	169,626	*
Vivian Lopez-Blanco(17)	100,590	*
David A. Clark(18)	136,964	*
Dominic J. Andreano(19)	69,069	*
All Directors and executive officers as a group (15 persons)(20)	2,953,286	3.4%

\* Less than one percent

- (1) Unless otherwise specified, the address of each of the beneficial owners identified is c/o MEDNAX, Inc., 1301 Concord Terrace, Sunrise, Florida 33323. Each holder is a beneficial owner of common stock of MEDNAX.
- (2) Based on 87,868,988 shares of common stock issued and outstanding as of March 11, 2019. The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act and the information is not necessarily indicative of beneficial ownership for any other purpose. Under that rule, beneficial ownership includes

**Table of Contents**

any shares as to which the individual or entity has voting power or investment power and any shares that the individual or entity has the right to acquire within 60 days of March 11, 2019, through the exercise of any stock option or other right. Unless otherwise indicated in the footnotes or table, each individual or entity has sole voting and investment power, or shares such powers with his or her spouse, with respect to the shares shown as beneficially owned.

- (3) Based on a Schedule 13G/A filed with the SEC on February 14, 2019. T. Rowe Price Associates, Inc.'s address is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (4) Based on a Schedule 13G/A filed with the SEC on February 6, 2019. BlackRock, Inc.'s address is 55 East 52<sup>nd</sup> Street, New York, New York 10055.
- (5) Based on a Schedule 13G/A filed with the SEC on February 11, 2019. The Vanguard Group's address is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
- (6) Includes (i) 1,183,943 shares of common stock directly owned; and (ii) 374,935 shares of unvested performance shares and restricted stock which Dr. Medel presently has the power to vote.
- (7) Includes (i) 36,268 shares of common stock directly owned; (ii) 18,202 shares of common stock subject to options exercisable within 60 days of March 11, 2019; and (iii) 7,418 shares of unvested restricted stock which Mr. Alvarez presently has the power to vote.
- (8) Includes (i) 5,643 shares of common stock directly owned; and (ii) 7,418 shares of unvested restricted stock which Ms. Barker presently has the power to vote.
- (9) Includes (i) 19,667 shares of common stock directly owned; (ii) 18,202 shares of common stock subject to options exercisable within 60 days of March 11, 2019; and (iii) 7,418 shares of unvested restricted stock which Dr. Carlo presently has the power to vote.
- (10) Includes (i) 70,550 shares of common stock directly owned; (ii) 22,320 shares of common stock beneficially owned through a self-directed IRA; and (iii) 7,418 shares of unvested restricted stock which Mr. Fernandez presently has the power to vote.
- (11) Includes (i) 12,178 shares of common stock directly owned; (ii) 18,202 shares of common stock subject to options exercisable within 60 days of March 11, 2019; and (iii) 7,418 shares of unvested restricted stock which Mr. Gabos presently has the power to vote.
- (12) Includes (i) 16,703 shares of common stock directly owned; and (ii) 7,418 shares of unvested restricted stock which Dr. Goldschmidt presently has the power to vote.
- (13) Includes (i) 112,178 shares of common stock directly owned; and (ii) 7,418 shares of unvested restricted stock which Mr. Kadre presently has the power to vote.
- (14) Includes (i) 25,215 shares of common stock directly owned; (ii) 18,202 shares of common stock subject to options exercisable within 60 days of March 11, 2019; and (iii) 7,418 shares of unvested restricted stock which Dr. Sosa presently has the power to vote.
- (15) Includes (i) 199,290 shares of common stock directly owned; and (ii) 230,118 shares of unvested performance shares and restricted stock which Mr. Calabro presently has the power to vote.
- (16) Includes (i) 169,626 shares of unvested performance shares and restricted stock which Mr. Farber presently has the power to vote.
- (17) Includes (i) 51,629 shares of common stock directly owned; (ii) 3,626 shares of common stock directly owned that were acquired through the Company's Employee Stock Purchase Plan; and (iii) 45,335 shares of unvested performance shares and restricted stock which Ms. Lopez-Blanco presently has the power to vote.
- (18) Includes (i) 136,964 shares of unvested performance shares and restricted stock which Mr. Clark presently has the power to vote.
- (19) Includes (i) 4,607 shares of common stock directly owned; (ii) 1,342 shares of common stock directly owned that were acquired through the Company's Employee Stock Purchase Plan; and (iii) 63,120 shares of unvested performance shares and restricted stock which Mr. Andreano presently has the power to vote.
- (20) Includes (i) 1,749,864 shares of common stock directly owned; (ii) 72,808 shares of common stock subject to options exercisable within 60 days of March 11, 2019; and (iii) 1,093,258 shares of unvested performance shares

and restricted stock which certain executive officers presently have the power to vote.



**Table of Contents**

**INDEPENDENT AUDITORS**

**Independent Auditors**

MEDNAX's independent auditor for the year ended December 31, 2018, was the firm of PricewaterhouseCoopers LLP. Subject to shareholder ratification, the Audit Committee has reappointed PricewaterhouseCoopers LLP as the independent registered public accounting firm to perform audit services for MEDNAX in 2019. MEDNAX expects that representatives of PricewaterhouseCoopers LLP will attend the annual meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**Fees Paid to Independent Auditors**

The aggregate fees billed by PricewaterhouseCoopers LLP for the indicated services rendered during fiscal years 2018 and 2017 were as follows:

**Audit Fees**

PricewaterhouseCoopers LLP billed MEDNAX \$1,637,000, in the aggregate, for professional services for the audit of the Company's consolidated financial statements and internal control over financial reporting for the year ended December 31, 2018, reviews of MEDNAX's interim consolidated financial statements, which are included in each of MEDNAX's Quarterly Reports on Form 10-Q for the year ended December 31, 2018, the statutory audit of MEDNAX's wholly owned captive insurance subsidiary and the review of certain SEC filings. During 2017, PricewaterhouseCoopers LLP billed MEDNAX \$1,570,750, in the aggregate, for professional services for the audit of the Company's consolidated financial statements and internal control over financial reporting for the year ended December 31, 2017, reviews of MEDNAX's interim consolidated financial statements, which are included in each of MEDNAX's Quarterly Reports on Form 10-Q for the year ended December 31, 2017 and the statutory audit of MEDNAX's wholly owned captive insurance subsidiary.

**Audit-Related Fees**

PricewaterhouseCoopers LLP did not bill MEDNAX for any audit-related fees in 2018 or 2017.

**Tax Fees**

PricewaterhouseCoopers LLP did not bill MEDNAX for any tax services in 2018 or 2017.

**All Other Fees**

In 2018, PricewaterhouseCoopers LLP billed MEDNAX \$100,000 for the review of an offering memorandum and the related issuance of a comfort letter, as well as \$250,000 for a portion of the engagement related to a carve-out audit of one of the Company's subsidiaries. PricewaterhouseCoopers LLP did not bill MEDNAX for any other services in 2017.

**Pre-Approval Policies and Procedures**

The Audit Committee is required to review and approve the proposed retention of independent auditors to perform any proposed auditing and non-auditing services as outlined in its charter. The Audit Committee has not established policies and procedures separate from its charter concerning the pre-approval of auditing and non-auditing related

services. As required by Section 10A of the Exchange Act, our Audit Committee has authorized all auditing and non-auditing services provided by PricewaterhouseCoopers LLP during 2018 and the fees paid for such services.

**Table of Contents**

**PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**

The Audit Committee has selected and appointed the firm of PricewaterhouseCoopers LLP to act as our independent registered public accounting firm for the 2019 fiscal year. PricewaterhouseCoopers LLP was our independent auditor for the fiscal year ended December 31, 2018. Although ratification is not required by our bylaws or otherwise, the Board of Directors is submitting the appointment of PricewaterhouseCoopers LLP to our shareholders for ratification as a matter of good corporate practice. If the appointment is not ratified, the Audit Committee will re-evaluate its appointment, taking into consideration our shareholders' vote. However, the Audit Committee is solely responsible for the appointment and termination of our auditors and may do so at any time in its discretion.

Proxies will be voted **FOR** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year absent contrary instructions.

***MEDNAX's Board of Directors recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year.***

---

Table of Contents

**PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

As required by Section 14A of the Exchange Act, MEDNAX is providing its shareholders the opportunity to cast a non-binding advisory vote FOR or AGAINST the compensation paid to named executive officers in 2018 as disclosed and described in the Executive Compensation: Compensation Discussion and Analysis section of this Proxy Statement, including the section entitled Overview of the Executive Compensation Program, the compensation tables and the narrative disclosures that accompany the compensation tables.

As described in detail in our Executive Compensation: Compensation Discussion and Analysis section of this Proxy Statement, the compensation tables and related narrative discussion, the compensation of executive officers is designed to have strong links to performance achievements, both in terms of operational and financial results as well as in optimizing shareholder value. We evaluate the relationship between compensation cost, shareholder value and company performance on a regular basis. At-risk elements such as performance-based cash incentives and equity-based compensation comprise a significant portion of our overall executive remuneration. For incentive plans, we establish performance goals so that the level of compensation received appropriately corresponds to the level of performance achieved. In addition, the vesting of equity-based compensation is designed to encourage ownership that results in business decisions that build long-term shareholder value and thus stock price appreciation, and retention of our named executive officers. We believe that the compensation paid to our named executive officers for 2018 appropriately considers our demonstrated ability to increase revenue and profitability over the long-term as a result of the continued leadership of these named executive officers. The introduction of performance shares with rigorous financial goals in 2014 and the continued use of such awards since that time and in 2018 further aligns executive pay with Company performance and our clawback policy, required minimum share ownership for our executive officers and enhanced anti-hedging policies further align executive compensation with our shareholders' long-term interests.

Shareholders are urged to read the section entitled Executive Compensation: Compensation Discussion and Analysis, which discusses our executive compensation programs in detail, as well as the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in our 2018 Annual Report that accompanies this Proxy Statement.

Accordingly, MEDNAX requests your approval of the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the section entitled Executive Compensation: Compensation Discussion and Analysis, compensation tables and related narrative discussion, is hereby APPROVED.

***MEDNAX's Board of Directors recommends a vote FOR the approval of the compensation paid to its named executive officers as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission and described in the section entitled Executive Compensation: Compensation Discussion and Analysis, including the compensation tables and the related narrative discussion.***

Although the vote is non-binding and advisory, the Board of Directors and the Compensation Committee will review the voting results in connection with their ongoing evaluation of the Company's compensation program.

---

**Table of Contents**

**PROPOSAL 4: APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE MEDNAX, INC.  
AMENDED AND RESTATED 2008 INCENTIVE COMPENSATION PLAN, AS AMENDED**

On March 20, 2019, our Board of Directors amended and restated the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended (the Plan), subject to shareholder approval, to, among other things, increase the number of shares of our common stock available for issuance under the Plan by 8,275,000 shares.

**Background and Purpose**

Our Board of Directors recommends that our shareholders approve the amendment and restatement of the Plan to allow us to continue granting stock-based awards and directed that the Plan, as amended and restated, be submitted to our shareholders for approval at the annual meeting. The Plan currently authorizes 19,500,000 shares as the maximum aggregate number of shares of our common stock that may be issued to participants in the Plan. If our shareholders do not approve the amendment and restatement of the Plan, the increase in the maximum aggregate number of shares of common stock that may be issued under the Plan from 19,500,000 shares to 27,775,000 shares will not be effective.

Our Board of Directors originally adopted the Plan on March 24, 2008. The Plan was approved by our shareholders on May 23, 2008 and subsequently amended in connection with our holding company reorganization. Our Board of Directors amended and restated the Plan on March 15, 2012, which amendment and restatement was approved by our shareholders on May 10, 2012. Our shareholders re-approved the material terms of the performance goals of the Plan on May 11, 2017 in order to comply with certain exclusions from the limitations of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

The purpose of the Plan is to provide a means for MEDNAX and its related entities, including subsidiaries, other designated affiliates and its affiliated professional associations, corporations and partnerships, to attract key personnel to provide services to MEDNAX and its related entities, as well as to provide a means whereby those key persons can acquire and maintain stock ownership, thereby strengthening their commitment to the welfare of MEDNAX and its related entities and promoting the mutuality of interests between participants and MEDNAX's shareholders. A further purpose of the Plan is to provide participants with additional incentive and reward opportunities designed to enhance the profitable growth of MEDNAX and its related entities, and provide participants with annual and long term performance incentives to expend their maximum efforts in the creation of shareholder value. The terms of the Plan provide for grants of stock options, stock appreciation rights, restricted stock, deferred stock, other stock-related awards and performance awards that may be settled in cash, stock or other property. Our Board of Directors believes that the current number of shares that may be issued under the Plan is not sufficient in light of our compensation structure and strategy. Our Board of Directors has concluded that our ability to attract, retain and motivate top quality employees, non-employee directors, and consultants and advisors is important to our success and would be enhanced by our continued ability to make grants under the Plan. In addition, our Board of Directors believes that our interests and the interests of our shareholders will be advanced if we can continue to offer our employees, non-employee directors and consultants and advisors the opportunity to acquire or increase their proprietary interests in our Company. Our Board of Directors believes that the increase in the maximum number of shares of our common stock that may be issued under the Plan from 19,500,000 to 27,775,000 shares will ensure that we continue to have a sufficient number of shares with which to achieve our compensation strategy.

As of March 11, 2019, we had 1,998,918 shares of common stock subject to outstanding restricted stock awards, 93,364 shares of common stock subject to outstanding deferred stock awards and 72,808 options outstanding with a weighted average exercise price of \$32.49 and a weighted average remaining term of 1.6 years. As of March 11, 2019, 8,225,515 fully vested, non-forfeitable shares of common stock have been issued under the Plan, which include

1,923,300 shares due to option exercises. The total shares of common stock that have been issued or that could potentially be issued as a result of grants of options, restricted stock or deferred

## **Table of Contents**

stock awards under the Plan is 19,446,221 leaving 53,779 shares reserved and available for issuance out of the maximum of 19,500,000 shares currently authorized for issuance. The fair market value of a share of our common stock as of March 11, 2019 was \$29.80.

Shareholder approval is being sought (i) in order to meet the New York Stock Exchange listing requirements, (ii) so that compensation attributable to grandfathered grants under the Plan may qualify for an exemption from the \$1,000,000 deduction limit under Section 162(m) of the Code (see discussion of Federal Income Tax Consequences below), and (iii) in order for incentive stock options to meet the requirements of the Code. Shareholder approval of this proposal will also constitute a reapproval of the 1,000,000 share limitation and \$1,000,000 limitation for purposes of Section 162(m) with respect to grandfathered awards. Except with respect to the increased share reserve and certain clarifications with respect to minimum vesting requirements and dividend and dividend equivalent vesting conditions, we are not asking our shareholders to approve any changes to the material terms of the terms of the Plan at this time.

## **Summary of the Plan**

**The following is a summary of certain principal features of the Plan. This summary is qualified in its entirety by reference to the complete text of the Plan. Shareholders are urged to read the actual text of the Plan, which is set forth as Exhibit A to this proxy statement.**

### **Shares Available for Awards; Annual Per-Person Limitations**

Under the Plan, as amended and restated, the total number of shares of MEDNAX common stock that may be subject to the granting of awards is equal to 27,775,000 shares. Any shares subject to awards of options or stock appreciation rights will be counted against this limit as one share for every one share granted whereas shares subject to any other awards will be counted as 2.0 shares for every one share granted.

The maximum aggregate number of shares that may be delivered as a result of incentive stock options, as defined in Section 422 of the Code (ISOs), is 27,775,000 shares. Awards granted or shares issued in substitution for rewards or related obligations by a company acquired by us after May 16, 2019, or such other date of shareholder approval of the amendment and restatement of the Plan (the Effective Date) do not reduce the total number of available shares under the Plan.

In addition, the Plan imposes individual limitations on the amount of certain awards in part to comply with Code Section 162(m). Under these limitations, during any fiscal year the number of options or stock appreciation rights granted to any one participant may not exceed 1,000,000 shares and the number of restricted stock, deferred stock, performance shares and other stock-based awards may not exceed 750,000 shares, subject to adjustment in certain circumstances. The maximum dollar amount that may be paid to any one participant in respect of a performance award that is payable other than in stock with respect to a 12-month performance period is \$10,000,000 and with respect to any performance period that is more than 12 months, \$10,000,000 multiplied by the number of full 12 months in such performance period.

The Compensation Committee of our Board of Directors administers the Plan. The Compensation Committee is authorized to adjust the limitations described in the two preceding paragraphs and is authorized to adjust outstanding awards (including adjustments to exercise prices of options and other affected terms of awards) in the event that an extraordinary dividend or other distribution (whether in cash, shares of MEDNAX common stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange or other similar corporate transaction or event affects the MEDNAX common stock so that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of participants. The Compensation

Committee is also authorized to adjust performance conditions and other terms of awards in response to these kinds of events, upon the occurrence of a change in control, or in response to changes in applicable laws, regulations or accounting principles, provided that no adjustments may be made with respect to any performance awards if and to the extent that such adjustment would cause the award to fail to qualify as performance based compensation under Code Section 162(m).



---

**Table of Contents****Eligibility**

The persons eligible to receive awards under the Plan are the officers, Directors, employees, consultants and other persons who provide services to MEDNAX or any of its related entities. An employee on leave of absence may be considered as still in the employ of MEDNAX or a related entity for purposes of eligibility for participation in the Plan. As of December 31, 2018, there were approximately 4,210 practicing physicians, 4,250 other clinical professionals and 7,625 other full-time and part-time employees and eight non-employee directors who may be eligible to participate in the Plan.

**Administration**

The Compensation Committee of MEDNAX's Board of Directors administers the Plan. The Plan must be administered by members of our Board of Directors who are non-employee directors as defined by Rule 16b-3 of the Exchange Act, outside directors for purposes of Section 162(m) and independent as defined by the New York Stock Exchange (or any other national securities exchange on which any securities of MEDNAX may be listed for trading in the future). However, to the extent that our Board of Directors elects and is permitted to administer the plan under its terms, only the independent members of the Board may exercise any power or authority granted to administer the Plan. Subject to the terms of the Plan, the Compensation Committee is authorized to select eligible persons to receive awards, determine the type and number of awards to be granted and the number of shares of MEDNAX common stock to which awards will relate, specify times at which awards will be exercisable or settleable (including performance conditions that may be required as a condition thereof), set other terms and conditions of awards, prescribe forms of award agreements, interpret and specify rules and regulations relating to the plan and make all other determinations that may be necessary or advisable for the administration of the Plan.

**Stock Options and Stock Appreciation Rights**

The Compensation Committee is authorized to grant stock options, including non-qualified stock options and ISOs, which can result in potentially favorable tax treatment to the participant, and stock appreciation rights. Stock appreciation rights may be granted without regard to any option ( Stand-Alone Stock Appreciation Rights ) or in conjunction with all or part of any option granted under the Plan ( Tandem Stock Appreciation Rights ). Stock appreciation rights entitle the participant to receive the amount by which the fair market value of a share of MEDNAX common stock on the date of exercise exceeds the grant price of the stock appreciation right, as determined by the Compensation Committee.

The exercise price per share of an option and the grant price of a stock appreciation right must not be less than 100% of the fair market value of a share of MEDNAX common stock on the date of grant or, in the case of a Tandem Stock Appreciation Right, less than the associated option exercise price. For purposes of the plan, the term fair market value means the fair market value of MEDNAX common stock, awards or other property as determined by the Compensation Committee or under procedures established by the Compensation Committee. Unless otherwise determined by the Compensation Committee or MEDNAX's Board of Directors, the fair market value of MEDNAX common stock as of any given date shall be the closing sales price per share of MEDNAX common stock as reported on the principal stock exchange or market on which MEDNAX common stock is traded on the date as of which such value is being determined (or as of such later measurement date as determined by the Compensation Committee on the date the award is granted) or, if there is no sale on that date, the last previous day on which a sale was reported. The maximum term of each option or stock appreciation right, the times at which each option or stock appreciation right will be exercisable, and provisions requiring forfeiture of unexercised options or stock appreciation rights at or following termination of employment or service generally are fixed by the Compensation Committee except that no option or stock appreciation right may have a term exceeding 10 years. Options may be exercised by payment of the

exercise price in cash, shares, outstanding awards or other property, as the Compensation Committee may determine from time to time. Methods of exercise and settlement and other terms of the stock appreciation rights are determined by the Compensation Committee.

## **Table of Contents**

A Tandem Stock Appreciation Right may be granted at the same time as the related option is granted or, for options that are not ISOs, at any time thereafter before exercise or expiration of such option. A Tandem Stock Appreciation Right may only be exercised when the related option would be exercisable and the fair market value of the shares subject to the related option exceeds the option's exercise price. Any option related to a Tandem Stock Appreciation Right will no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised and any Tandem Stock Appreciation Right will no longer be exercisable to the extent the related option has been exercised.

## **Restricted and Deferred Stock**

The Compensation Committee is authorized to grant restricted stock and deferred stock. Restricted stock is a grant of shares of MEDNAX common stock which may not be sold or disposed of for a specified period, and with a risk of forfeiture (including with respect to dividends) and other restrictions specified by the Compensation Committee. Risks of forfeiture may include continuous service requirements and performance requirements, among others. A participant granted restricted stock generally has all of the rights of a shareholder of MEDNAX, unless otherwise determined by the Compensation Committee. An award of deferred stock confers upon a participant the right to receive shares of MEDNAX common stock at the end of a specified deferral period, and may be subject to possible risks of forfeiture of the award as the Compensation Committee may determine. Prior to settlement, an award of deferred stock carries no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted, as discussed below.

## **Dividend Equivalents**

The Compensation Committee is authorized to grant dividend equivalents conferring on participants the right to receive, currently or on a deferred basis, cash, shares of MEDNAX common stock, other awards or other property equal in value to dividends paid on a specific number of shares of MEDNAX common stock or other periodic payments. Dividend equivalents may be granted alone or in connection with another award, may be paid on a deferred basis and, if deferred, may be deemed to have been reinvested in additional shares of MEDNAX common stock, awards or otherwise as specified by the Compensation Committee. However, any dividends or dividend equivalents that are granted with respect to any award shall be held in escrow by the Committee until such time as the award that such dividend or dividend equivalents are attributed to is no longer subject to a substantial risk of forfeiture or applicable vesting conditions have been satisfied, and in the event that an award is subsequently forfeited, the dividend or dividend equivalents attributable to such portion shall be forfeited.

## **Bonus Stock and Awards in Lieu of Cash Obligations**

The Compensation Committee is authorized to grant shares of MEDNAX common stock as a bonus free of restrictions, or to grant shares of MEDNAX common stock or other awards in lieu of MEDNAX obligations to pay cash under the Plan or other plans or compensatory arrangements, subject to such terms as the Compensation Committee may specify.

## **Other Stock-Based Awards**

The Compensation Committee is authorized to grant awards under the Plan that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of MEDNAX common stock. The Compensation Committee determines the terms and conditions of such awards. Except for certain limited situations, other stock-based awards subject solely to future service requirements shall be subject to restrictions for a period of not less than three years from the date of the grant, but may vest on a pro-rata basis over such three-year period, subject to the one-year minimum vesting period provisions of the Plan.

**Performance Awards**

The right of a participant to exercise or receive a grant or settlement of any award, and the timing thereof, may be subject to such performance conditions (including subjective individual goals) as may be specified by the

**Table of Contents**

Compensation Committee. In addition, the Plan authorizes the Compensation Committee to grant specific performance awards, which represent a conditional right to receive cash, shares of MEDNAX common stock or other awards upon achievement of certain performance goals during a relevant performance period. The performance criteria and the length of the performance period will be determined by the Compensation Committee upon the grant of each performance award. Performance awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with procedures established by the Compensation Committee, on a deferred basis, in a manner that does not violate the requirements of Section 409A of the Code.

Subject to the requirements of the Plan, the Compensation Committee will determine performance award terms, including the required levels of performance with respect to specified objective business criteria, the corresponding amounts payable upon achievement of such levels of performance, termination and forfeiture provisions and the form of settlement. One or more of the following business criteria for MEDNAX, on a consolidated basis, and/or for related entities, or for business or geographical units of MEDNAX and/or a related entity (except with respect to the total shareholder return and earnings per share criteria), will be used by the Compensation Committee in establishing performance goals for performance awards granted to persons whom the Compensation Committee expects will, for the year in which a deduction arises, be covered employees : (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income or income from operations; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; (13) debt reduction; (14) market share; (15) entry into new markets, either geographically or by business unit; (16) customer retention and satisfaction; (17) strategic plan development and implementation, including turnaround plans; and/or (18) the Fair Market Value of a share of our common stock. Any of the above goals may be determined on an absolute or relative basis in comparison to prior periods or as compared to the performance of a published or special index deemed applicable by the Compensation Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of comparable companies. Performance goals must be established not later than 90 days after the beginning of the performance period applicable to the performance awards or at such other date as may be required for performance-based compensation treatment under Section 162(m), as applicable.

After the end of each performance period, the Compensation Committee will determine and certify whether the performance goals have been achieved. At the time the Compensation Committee establishes performance goals for performance awards granted to persons whom the Compensation Committee expects will, for the year in which a deduction arises, be covered employees, the Compensation Committee may provide that in determining the achievement of performance goals, the Compensation Committee will exclude the impact of any (i) restructurings, discontinued operations, extraordinary items (as defined pursuant to generally accepted accounting principles), and other unusual or non-recurring charges, (ii) a change in accounting standards required by generally accepted accounting principles, or (iii) such other exclusions or adjustments as the Compensation Committee specifies at the time the award is granted. The Compensation Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with awards granted to persons whom the Compensation Committee expects will, for the year in which a deduction arises, be covered employees, but may not exercise discretion to increase any such amount payable to a covered employee in respect of an award granted to persons whom the Compensation Committee expects will, for the year in which a deduction arises, be covered employees, if and to the extent that such adjustment would cause the award to fail to qualify as performance based compensation under Section 162(m).



## **Table of Contents**

The 2017 tax reform legislation removed the performance-based compensation exception from Section 162(m). Accordingly, awards made after November 2, 2017 generally are not eligible for the performance-based compensation exception and will not be deductible to the extent that they cause the compensation of the affected executive officers to exceed \$1,000,000 in any year. Awards that were made and subject to binding written contracts in effect on November 2, 2017, are grandfathered under prior law and may still qualify as deductible performance-based compensation, even if paid in future years so long as such awards are not materially amended.

Where reasonably practicable, our Compensation Committee may seek to qualify the variable compensation paid to our named executive officers for grandfathered awards for the performance-based compensation exemption from Section 162(m). As such, in approving the amount and form of compensation for our named executive officers in the future, our Compensation Committee will consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m). Our Compensation Committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

## **Other Terms of Awards**

Generally, restricted stock awards, deferred stock awards, performance awards valued by reference to MEDNAX common stock and other stock-based awards must vest over a period of not less than one year except this minimum vesting period may be accelerated or waived in the event of a participant's death, disability, retirement, termination of employment, upon a Change in Control, or such other events that the Committee determines. Notwithstanding the minimum vesting period, up to five percent (5%) of the shares reserved for awards may be granted with vesting terms not conforming to the one year minimum vesting period.

Awards may be settled in the form of cash, shares of MEDNAX common stock, other awards or other property, in the discretion of the Compensation Committee. The Compensation Committee may require or permit participants to defer the settlement of all or part of an award in accordance with such terms and conditions as the Compensation Committee may establish, provided that such deferral will satisfy the requirements of Section 409A of the Code. The Compensation Committee is authorized to place cash, shares of MEDNAX common stock or other property in trusts or make other arrangements to provide for payment of MEDNAX's obligations under the Plan. MEDNAX is authorized to provide that a portion of any shares of MEDNAX common stock or other property to be distributed will be withheld (or previously acquired shares of MEDNAX common stock or other property be surrendered by the participant) to satisfy withholding and other tax obligations. Awards granted under the Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or to a designated beneficiary upon the participant's death, except that the Compensation Committee may, in its discretion, permit transfers for estate planning or other purposes subject to any applicable restrictions under Rule 16b-3 of the Exchange Act.

If any award constitutes a nonqualified deferred compensation plan under Section 409A of the Code, then the award will be subject to additional restrictions on payment and other requirements if and to the extent required to comply with Section 409A.

Awards under the Plan are generally granted without a requirement that the participant pay consideration in the form of cash or property for the grant (as distinguished from the exercise), except to the extent required by law. The Compensation Committee may, however, grant awards in exchange for other awards under the Plan awards or under other Company plans, or other rights to payment from MEDNAX, and may grant awards in addition to and in tandem with such other awards, rights or other awards.

**Acceleration of Vesting; Change in Control**

Subject to certain limitations, the Compensation Committee may, in its discretion, accelerate the exercisability, the lapsing of restrictions or the expiration of deferral or vesting periods of any award. In the event



## **Table of Contents**

of a change in control of MEDNAX, as defined in the plan, and only to the extent provided in any employment or other agreement between the participant and MEDNAX or any related entity, or in any award agreement, or to the extent otherwise determined by the Compensation Committee in its sole discretion in each particular case, (i) any option or stock appreciation right that was not previously vested and exercisable at the time of the change in control will become immediately vested and exercisable; (ii) any restrictions, deferral of settlement and forfeiture conditions applicable to a restricted stock award, deferred stock award or another stock-based award subject only to future service requirements will lapse and such awards will be deemed fully vested; and (iii) performance goals and conditions applicable to any outstanding award will be deemed met as of the date of the change in control.

## **Adjustments, Amendment and Termination**

Subject to certain limitations, the Compensation Committee is authorized to make adjustments and alterations to awards (including, in some cases, in a manner adverse to a participant) in connection with a change in control, stock dividends or distributions, recapitalizations, mergers and other corporate events, as well as in recognition of other unusual or nonrecurring events affecting MEDNAX or its related entities and changes in financial reporting, laws, regulations, taxes, business strategy and other matters. MEDNAX's Board of Directors may amend, alter, suspend, discontinue or terminate the plan or the Compensation Committee's authority to grant awards without further shareholder approval (and the Compensation Committee may alter, amend or terminate any award including, in any case, in a manner adverse to the rights of a participant under an outstanding award), except shareholder approval must be obtained for any amendment or alteration if such approval is required by law or regulation or under the rules of the New York Stock Exchange or any stock exchange or quotation system on which shares of MEDNAX common stock are then listed or quoted, including any change in the exercise price of an option if such change would constitute a repricing under such rules. Thus, shareholder approval may not necessarily be required for every amendment to the plan which might increase the cost of the plan or alter the eligibility of persons to receive awards. Shareholder approval will not be deemed to be required under laws or regulations, such as those relating to ISOs, that condition favorable treatment of participants on such approval, although MEDNAX's Board of Directors may, in its discretion, seek shareholder approval in any circumstance in which it deems such approval advisable. The Plan will terminate at the earliest of (i) such time as no shares remain available for issuance under the Plan, (ii) termination of the plan by MEDNAX's Board of Directors or (iii) the tenth anniversary of the Effective Date. Awards outstanding upon expiration of the plan shall remain in effect until they have been exercised or terminated, or have expired.

## **Clawback**

Any award granted pursuant to the plan on or after January 1, 2014 is subject to mandatory repayment by the recipient to MEDNAX to the extent the recipient is, or in the future becomes, subject to (1) any MEDNAX clawback or recoupment policy adopted by MEDNAX's Board of Directors or the Compensation Committee to comply with the requirements of any applicable law, rule or regulation, or otherwise, or (2) any law, rule or regulation which imposes mandatory recoupment, under the circumstances set forth in any such law, rule or regulation.

## **Federal Income Tax Consequences of Awards**

The plan is not qualified under the provisions of section 401(a) of the Code and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974.

## **Nonqualified Stock Options**

On exercise of a nonqualified stock option granted under the Plan, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the shares of stock acquired on exercise of the

option over the exercise price. If the optionee is an employee of MEDNAX or a related entity,

## **Table of Contents**

that income will be subject to the withholding of Federal income tax. The optionee's tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and the holding period for those shares will begin on that date.

If an optionee pays for shares of stock on exercise of an option by delivering shares of MEDNAX's stock, the optionee will not recognize gain or loss on the shares delivered, even if their fair market value at the time of exercise differs from the optionee's tax basis in them. The optionee, however, will be taxed on the exercise of the option in the manner described above as if he had paid the exercise price in cash. If a separate identifiable stock certificate is issued for that number of shares equal to the number of shares delivered on exercise of the option, the optionee's tax basis in the shares represented by that certificate will be equal to his or her tax basis in the shares delivered, and the holding period for those shares will include the holding period for the shares delivered. The optionee's tax basis and holding period for the additional shares received on exercise of the option will be the same as if the optionee had exercised the option solely in exchange for cash.

MEDNAX will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income taxable to the optionee, provided that amount constitutes an ordinary and necessary business expense for MEDNAX and is reasonable in amount, and either the employee includes that amount in income or MEDNAX timely satisfies its reporting requirements with respect to that amount.

## **Incentive Stock Options**

The plan provides for the grant of stock options that qualify as ISOs, as defined in section 422 of the Code. Under the Code, an optionee generally is not subject to tax upon the grant or exercise of an ISO. In addition, if the optionee holds a share received on exercise of an ISO for at least two years from the date the option was granted and at least one year from the date the option was exercised (the Required Holding Period), the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, however, an optionee disposes of a share acquired on exercise of an ISO before the end of the Required Holding Period (a Disqualifying Disposition), the optionee generally will recognize ordinary income in the year of the Disqualifying Disposition equal to the excess, if any, of the fair market value of the share on the date the ISO was exercised over the exercise price. If, however, the Disqualifying Disposition is a sale or exchange on which a loss, if realized, would be recognized for Federal income tax purposes, and if the sales proceeds are less than the fair market value of the share on the date of exercise of the option, the amount of ordinary income recognized by the optionee will not exceed the gain, if any, realized on the sale. If the amount realized on a Disqualifying Disposition exceeds the fair market value of the share on the date of exercise of the option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

An optionee who exercises an ISO by delivering shares of stock acquired previously pursuant to the exercise of an ISO before the expiration of the Required Holding Period for those shares is treated as making a Disqualifying Disposition of those shares. This rule prevents pyramiding on the exercise of an ISO (that is, exercising an ISO for one share and using that share, and others so acquired, to exercise successive ISOs) without the imposition of current income tax.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an ISO exceeds the exercise price of that option generally will be an adjustment included in the optionee's alternative minimum taxable income for the year in which the option is exercised. If, however, there is a Disqualifying Disposition of the share in the year in which the option is exercised, there will be no adjustment with

respect to that share. If there is a Disqualifying Disposition in a later year, no income with respect to the Disqualifying Disposition is included in the optionee's alternative minimum taxable income for that year. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an

## **Table of Contents**

ISO is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the option is exercised.

MEDNAX is not allowed an income tax deduction with respect to the grant or exercise of an ISO or the disposition of a share acquired on exercise of an ISO after the Required Holding Period. However, if there is a Disqualifying Disposition of a share, MEDNAX is allowed a deduction in an amount equal to the ordinary income includible in income by the optionee, provided that amount constitutes an ordinary and necessary business expense for MEDNAX and is reasonable in amount, and either the employee includes that amount in income or MEDNAX timely satisfies its reporting requirements with respect to that amount.

## **Stock Awards**

Generally, the recipient of a stock award will recognize ordinary compensation income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is non-vested when it is received under the Plan (for example, if the recipient is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within 30 days of his or her receipt of the stock award, to recognize ordinary compensation income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient in exchange for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired as stock awards will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested. Upon the disposition of any stock received as a stock award under the Plan, the difference between the sale price and the recipient's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more the one year from the date as of which he or she would be required to recognize any compensation income.

## **Stock Appreciation Rights**

MEDNAX may grant Stand-Alone Stock Appreciation Rights or Tandem Stock Appreciation Rights, under the Plan. Generally, the recipient of a Stand-Alone Stock Appreciation Right will not recognize any taxable income at the time the Stand-Alone Stock Appreciation Right is granted.

With respect to Stand-Alone Stock Appreciation Rights, if the recipient receives the appreciation inherent in the stock appreciation rights in cash, the cash will be taxable as ordinary compensation income to the recipient at the time that the cash is received. If the recipient receives the appreciation inherent in the stock appreciation rights in shares of stock, the recipient will recognize ordinary compensation income equal to the excess of the fair market value of the stock on the day it is received over any amounts paid by the recipient for the stock.

With respect to Tandem Stock Appreciation Rights, if the recipient elects to surrender the underlying option in exchange for cash or shares of stock equal to the appreciation inherent in the underlying option, the tax consequences to the recipient will be the same as discussed above relating to the Stand-Alone Stock Appreciation Rights. If the recipient elects to exercise the underlying option, the holder will be taxed at the time of exercise as if he or she had exercised a nonqualified stock option (discussed above), i.e., the recipient will recognize ordinary income for Federal

tax purposes measured by the excess of the then fair market value of the shares of stock over the exercise price.

## **Table of Contents**

In general, there will be no Federal income tax deduction allowed to MEDNAX upon the grant or termination of Stand-Alone Stock Appreciation Rights or Tandem Stock Appreciation Rights. Upon the exercise of either a Stand-Alone Stock Appreciation Right or a Tandem Stock Appreciation Right, however, MEDNAX will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income that the employee is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under the Code.

## **Dividend Equivalents**

Generally, the recipient of a dividend equivalent award will recognize ordinary compensation income at the time the dividend equivalent award is received equal to the fair market value of the award received. MEDNAX generally will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income that the employee is required to recognize as a result of the dividend equivalent award, provided that the deduction is not otherwise disallowed under the Code.

## **Section 409A of the Code**

The plan is intended to comply with Section 409A of the Code to the extent that such section would apply to any award under the Plan. Section 409A of the Code governs the taxation of deferred compensation. Any participant that is granted an award that is deemed to be deferred compensation, such as a grant of deferred stock, and does not comply with Section 409A could be subject to immediate taxation on the award (even if the award is not exercisable) and an additional 20% tax on the award.

## **Importance of Consulting Tax Adviser**

The information set forth above is a summary only and does not purport to be complete. In addition, the information is based upon current Federal income tax rules and therefore is subject to change when those rules change. Moreover, because the tax consequences to any recipient may depend on his particular situation, each recipient should consult his or her tax adviser as to the Federal, state, local and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award.

## **New Plan Benefits**

Future grants under the Plan will be made at the discretion of the Compensation Committee and, accordingly, are not yet determinable. In addition, the value of the awards granted under the Plan will depend on a number of factors, including the fair market value of our common stock on future dates, the exercise decisions made by the participants and the extent to which any applicable performance goals necessary for vesting or payment are achieved. Consequently, it is not possible to determine the benefits that might be received by participants receiving discretionary grants under the Plan.

Proxies will be voted **FOR** the approval of the amendment and restatement of the Plan absent contrary instructions.

***MEDNAX's Board of Directors recommends a vote FOR the approval of the amendment and restatement of the MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended.***

**Table of Contents**

**OTHER BUSINESS**

The Board of Directors knows of no other business to be brought before the annual meeting. If, however, any other business should properly come before the annual meeting, it is the intention of the persons named in the accompanying proxy card to vote the shares they represent in accordance with the recommendation of MEDNAX's Board of Directors.

**AVAILABILITY OF ANNUAL REPORT ON FORM 10-K**

**Copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (without exhibits or documents incorporated by reference therein) are available without charge to shareholders upon written request to Investor Relations at 1301 Concord Terrace, Sunrise, Florida 33323, by calling (954) 384-0175 or via the Internet at [www.mednax.com](http://www.mednax.com).**

**INFORMATION CONCERNING SHAREHOLDER PROPOSALS**

As more specifically provided in our Articles of Incorporation, no business may be brought before an annual meeting unless it is specified in the notice of the meeting or is otherwise properly brought before the meeting by or at the direction of our Board of Directors or by a shareholder entitled to vote who has delivered proper notice to us, together with the information required by our Articles of Incorporation, not less than 120 days nor more than 180 days prior to the first anniversary of the preceding year's notice of annual meeting. Accordingly, any shareholder proposal to be considered at the 2020 Annual Meeting of Shareholders must be properly submitted to us on or before November 30, 2019, but not earlier than October 1, 2019, or such proposal will be considered untimely. A copy of the provision of MEDNAX's Articles of Incorporation relating to shareholder nominations is available upon request from MEDNAX's Secretary at 1301 Concord Terrace, Sunrise, Florida 33323. These requirements are separate from the SEC's requirements that a shareholder must meet in order to have a shareholder proposal included in our Proxy Statement for the 2020 Annual Meeting of Shareholders.

Shareholders interested in submitting a proposal for inclusion in our proxy materials for the 2020 Annual Shareholders' Meeting may do so by following the procedures set forth in Rule 14a-8 under the Exchange Act and MEDNAX's Articles of Incorporation. To be eligible for inclusion in such proxy materials, shareholder proposals must be received by our Secretary, at the address noted above, not later than November 30, 2019. No shareholder proposal was properly received for inclusion in this Proxy Statement.



**Table of Contents**

**MEDNAX, INC.**  
**AMENDED AND RESTATED**  
**2008 INCENTIVE COMPENSATION PLAN**  
**MARCH 20, 2019**

**Table of Contents**

**MEDNAX, INC.**  
**AMENDED AND RESTATED**  
**2008 INCENTIVE COMPENSATION PLAN**  
**MARCH 20, 2019**

1.	<u>PURPOSE</u>	A-1
2.	<u>DEFINITIONS</u>	A-1
3.	<u>ADMINISTRATION</u>	A-4
4.	<u>SHARES SUBJECT TO PLAN</u>	A-5
5.	<u>ELIGIBILITY; PER-PERSON AWARD LIMITATIONS</u>	A-6
6.	<u>SPECIFIC TERMS OF AWARDS</u>	A-7
7.	<u>CERTAIN PROVISIONS APPLICABLE TO AWARDS</u>	A-12
8.	<u>CODE SECTION 162(M) PROVISIONS</u>	A-13
9.	<u>CHANGE IN CONTROL</u>	A-14
10.	<u>GENERAL PROVISIONS</u>	A-16

**Table of Contents**

**MEDNAX, INC.**  
**AMENDED AND RESTATED**  
**2008 INCENTIVE COMPENSATION PLAN**  
**MARCH 20, 2019**

1. **Purpose.** The purpose of this 2008 INCENTIVE COMPENSATION PLAN (the **Plan**) is to assist **MEDNAX, INC.**, a Florida corporation (the **Company**) and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with annual and long term performance incentives to expend their maximum efforts in the creation of shareholder value.

This Plan was originally adopted by Pediatrix Medical Group, Inc., a Florida corporation ( **PMG** ) and PMG assigned all of its outstanding obligations under the Plan to the Company pursuant to the terms of a Merger Agreement between the Company, PMG and PMG Merger Sub Inc., a Florida corporation, effective as of December 31, 2008. The Plan was amended and restated and approved by shareholders on May 10, 2012. The Plan was subsequently amended on February 6, 2014. On May 11, 2017, the shareholders of the Company re-approved the material terms of the performance goals under this Plan for purposes of Section 162(m) of the Internal Revenue Code. The terms and conditions of the Plan are hereby amended to read as specified herein as of the Effective Date of Restated Plan to, among other things, provide for an increase in the shares available under the Plan.

2. **Definitions.** For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof and elsewhere herein.

(a) **Award** means any Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award, Share granted as a bonus or in lieu of another Award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest, granted to a Participant under the Plan.

(b) **Award Agreement** means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.

(c) **Beneficiary** means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(d) **Beneficial Owner and Beneficial Ownership** shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(e) **Board** means the Company's Board of Directors.

(f) **Change in Control** means a Change in Control as defined in Section 9(b) of the Plan.

(g) **Code** means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(h) **Committee** means the Compensation Committee of the Board, excluding any member who is not (i) a non-employee director within the meaning of Rule 16b-3 (or any successor rule) under the Exchange

A-1

---

**Table of Contents**

Act, unless administration of the Plan by non-employee directors is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, (ii) an outside director within the meaning of Section 162(m) of the Code, and (iii) Independent. The failure of the Committee to be so comprised shall not invalidate any Award that otherwise satisfies the terms of the Plan.

(i) **Consultant** means any Person (other than an Employee or a Director, solely with respect to rendering services in such Person's capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(j) **Continuous Service** means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(k) **Covered Employee** means each Person who shall be considered a covered employee for purposes of Section 162(m) of the Code.

(l) **Deferred Stock** means a right to receive Shares, including Restricted Stock, cash measured based upon the value of Shares, or a combination thereof, at the end of a specified deferral period.

(m) **Deferred Stock Award** means an Award of Deferred Stock granted to a Participant under Section 6(e) hereof.

(n) **Director** means a member of the Board or the Board of Directors of any Related Entity.

(o) **Disability** means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(p) **Dividend Equivalent** means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(q) **Effective Date** means May 23, 2008.

(r) **Effective Date of Restated Plan** means [May 16], 2019, which is the date on which this Plan, as amended and restated, was approved by the shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Sections 162(m) and 422 of the Code, Rule 16b-3 under the Exchange Act, and applicable requirements under the rules of the Listing Market.

(s) **Eligible Person** means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may, in the discretion of the Committee, be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

(t) **Employee** means any person, including an officer or Director, who is an employee of the Company or any Related Entity. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute employment by the Company.

A-2

---

**Table of Contents**

- (u) ***Exchange Act*** means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.
- (v) ***Fair Market Value*** means the fair market value of Shares, Awards or other property as determined by the Committee, or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a Share as of any given date shall be the closing sale price per Share reported on a consolidated basis for stock listed on the principal stock exchange or market on which Shares are traded on the date as of which such value is being determined (or as of such later measurement date as determined by the Committee on the date the Award is authorized by the Committee) or, if there is no sale on that date, then on the last previous day on which a sale was reported.
- (w) ***Incentive Stock Option*** means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.
- (x) ***Independent*** , when referring to either the Board or members of the Committee, shall have the same meaning as used in the rules of the Listing Market.
- (y) ***Incumbent Board*** means the Incumbent Board as defined in Section 9(b)(ii) hereof.
- (z) ***Listing Market*** means the New York Stock Exchange or any other national securities exchange on which any securities of the Company are listed for trading, and if not listed for trading, by the rules of the Nasdaq Market.
- (aa) ***Option*** means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.
- (bb) ***Optionee*** means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.
- (cc) ***Other Stock-Based Awards*** means Awards granted to a Participant under Section 6(i) hereof.
- (dd) ***Participant*** means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.
- (ee) ***Performance Award*** means any Award of Performance Shares or Performance Units granted pursuant to Section 6(h) hereof.
- (ff) ***Performance Period*** means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.
- (gg) ***Performance Share*** means any grant pursuant to Section 6(h) hereof of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.
- (hh) ***Performance Unit*** means any grant pursuant to Section 6(h) hereof of a unit valued by reference to a designated amount of property (including cash) other than Shares, which value may be paid to the Participant by

delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

A-3



---

**Table of Contents**

(ii) **Person** shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a group as defined in Section 13(d) thereof.

(jj) **Prior Plan** means the Pediatrix Medical Group, Inc. 2004 Incentive Compensation Plan.

(kk) **Related Entity** means any Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by the Board, in which the Company or a Subsidiary holds a substantial ownership interest, directly or indirectly, as well as any professional association, corporation or partnership that is affiliated with the Company.

(ll) **Restriction Period** means the period of time specified by the Committee that Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose.

(mm) **Restricted Stock** means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(nn) **Restricted Stock Award** means an Award granted to a Participant under Section 6(d) hereof.

(oo) **Rule 16b-3** means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(pp) **Shares** means the shares of common stock of the Company, par value \$.01 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 10(c) hereof.

(qq) **Stock Appreciation Right** means a right granted to a Participant under Section 6(c) hereof.

(rr) **Subsidiary** means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(ss) **Substitute Awards** means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company (i) acquired by the Company or any Related Entity, (ii) which becomes a Related Entity after the date hereof, or (iii) with which the Company or any Related Entity combines.

**3. Administration.**

(a) **Authority of the Committee.** The Plan shall be administered by the Committee, except to the extent (and subject to the limitations imposed by Section 3(b) hereof) the Board elects to administer the Plan, in which case the Plan shall be administered by only those members of the Board who are Independent members of the Board, in which case references herein to the Committee shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of,

and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or

A-4

---

**Table of Contents**

reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of other Eligible Persons or Participants.

(b) ***Manner of Exercise of Committee Authority.*** The Committee, and not the Board, shall exercise sole and exclusive discretion (i) on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act, (ii) with respect to any Award that is intended to qualify as performance-based compensation under Section 162(m), to the extent necessary in order for such Award to so qualify; and (iii) with respect to any Award to an Independent Director. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Related Entities, Eligible Persons, Participants, Beneficiaries, transferees under Section 10(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms and limitations as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as performance-based compensation under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan. Any such delegations shall be set forth in a written instrument that specifies the persons authorized to act thereunder and the terms and limitations of such authority, which writing shall be delivered to the Company's Chief Financial Officer, Principal Accounting Officer and General Counsel before any authority may be exercised.

(c) ***Limitation of Liability.*** The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to it, him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

#### 4. ***Shares Subject to Plan.***

(a) ***Limitation on Overall Number of Shares Available for Delivery Under Plan.*** Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be an aggregate of 27,775,000 (consisting of an additional 8,275,000 shares added to the Plan as of the Effective Date of the Restated Plan), inclusive of any Shares remaining available for grant under the Prior Plan on the Effective Date of the Plan. Any Shares that are subject to Awards of Options or Stock Appreciation Rights shall be counted against this limit as one (1) Share for every one (1) Share with respect to which such Award is granted. Any Shares that are subject to Awards other than Options or Stock Appreciation Rights shall be counted against this limit as 2.0 Shares (2.2 Shares for any such Awards granted prior to May 10, 2012) for every one (1) Share with respect to which such Award is granted. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) ***Application of Limitation to Grants of Awards.*** No Award may be granted if the number of Shares to be delivered in connection with such an Award or, in the case of an Award relating to Shares but settled only in cash (such as cash-only Stock Appreciation Rights), the number of Shares to which such Award relates,

A-5

**Table of Contents**

exceeds the number of Shares remaining available for delivery under the Plan, minus the number of Shares deliverable in settlement of or relating to then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

**(c) *Availability of Shares Not Delivered under Awards and Adjustments to Limits.***

(i) If any Awards are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash, or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award, the Shares to which those Awards were subject, shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for delivery with respect to Awards under the Plan, subject to Section 4(c)(iv) below; provided, however, that Shares tendered or withheld to pay the exercise price for any Award or to pay taxes relating to any Award shall not again be available for delivery with respect to Awards under the Plan and, provided further, that Stock Appreciation Rights that are settled in Shares shall count against the limit in Section 4(a) of this Plan based upon the full number of Shares that are subject to the Award.

(ii) Substitute Awards shall not reduce the Shares authorized for delivery under the Plan or authorized for delivery to a Participant in any period. Additionally, in the event that a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines, has shares available under a pre-existing plan approved by its shareholders, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan if and to the extent that the use of such Shares would not require approval of the Company's shareholders under the rules of the Listing Market.

(iii) Any Share that again becomes available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share if such Share was subject to an Option or Stock Appreciation Right granted under the Plan or an option or stock appreciation right granted under the Prior Plan, and as 2.0 Shares (2.2 Shares for any such Awards granted prior to May 10, 2012) if such Share was subject to an Award other than an Option or Stock Appreciation Right granted under the Plan or an option or stock appreciation right granted under the Prior Plan.

(iv) Notwithstanding anything in this Section 4(c) to the contrary but subject to adjustment as provided in Section 10(c) hereof, the maximum aggregate number of Shares that may be delivered under the Plan as a result of the exercise of the Incentive Stock Options shall be 27,775,000 shares.

(d) ***No Further Awards Under Prior Plan.*** In light of the adoption of this Plan, no further awards shall be made under the Prior Plan after the Effective Date, except to the extent that the number of Shares subject to such further awards do not exceed the number of Shares subject to awards under the Prior Plan that are forfeited, expire or otherwise terminate without issuance of Shares after the Effective Date.

**5. *Eligibility; Per-Person Award Limitations.*** Awards may be granted under the Plan only to Eligible Persons. Subject to adjustment as provided in Section 10(c), in any fiscal year of the Company during any part of which the Plan is in effect, no Participant may be granted (i) Options or Stock Appreciation Rights with respect to more than 1,000,000 Shares, or (ii) Restricted Stock, Deferred Stock, Performance Shares and/or Other Stock-Based Awards with respect to more than 750,000 Shares. In addition, the maximum dollar value payable to any one Participant with respect to Performance Units is (x) \$10,000,000 with respect to any 12 month Performance Period (pro-rated for any

Performance Period that is less than 12 months based upon the ratio of the number of days in the Performance Period as compared to 365), and (y) with respect to any Performance Period that is more than 12 months, \$10,000,000 multiplied by the number of full 12 month periods that are in the Performance Period.

A-6

---

**Table of Contents****6. *Specific Terms of Awards.***

(a) **General.** Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. Except as otherwise expressly provided herein, the Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of Florida law, no consideration other than services may be required for the grant (as opposed to the exercise) of any Award.

(b) **Options.** The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) **Exercise Price.** Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such Employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of a Share on the date such Incentive Stock Option is granted. Other than pursuant to Section 10(c)(i) and (ii), the Committee shall not be permitted to (A) lower the exercise price per Share of an Option after it is granted, (B) cancel an Option when the exercise price per Share exceeds the Fair Market Value of the underlying Shares in exchange for another Award (other than in connection with Substitute Awards), or (C) take any other action with respect to an Option that may be treated as a repricing pursuant to the applicable rules of the Listing Market, without approval of the Company's shareholders.

(ii) **Time and Method of Exercise.** The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares (including without limitation the withholding of Shares otherwise deliverable pursuant to the Award), other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) **Incentive Stock Options.** The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has

first requested, or consents to, the change that will result in such

A-7



---

**Table of Contents**

disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable for more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) that become exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed \$100,000.

(c) **Stock Appreciation Rights.** The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a Tandem Stock Appreciation Right ), or without regard to any Option (a Freestanding Stock Appreciation Right ), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) **Right to Payment.** A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one (1) Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right. Other than pursuant to Section 10(c)(i) and (ii), the Committee shall not be permitted to (A) lower the grant price per Share of a Stock Appreciation Right after it is granted, (B) cancel a Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of the underlying Shares in exchange for another Award (other than in connection with Substitute Awards), or (C) take any other action with respect to a Stock Appreciation Right that may be treated as a repricing pursuant to the applicable rules of the Listing Market, without shareholder approval.

(ii) **Other Terms.** The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(iii) **Tandem Stock Appreciation Rights.** Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related

Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable

A-8

---

**Table of Contents**

under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

(d) ***Restricted Stock Awards.*** The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) ***Grant and Restrictions.*** Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan during the Restriction Period. The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the period that the Restricted Stock Award is subject to a risk of forfeiture, subject to Section 10(b) below and except as otherwise provided in the Award Agreement, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) ***Forfeiture.*** Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that, subject to the limitations set forth in Section 6(j)(ii) hereof, the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(iii) ***Certificates for Stock.*** Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) ***Dividends and Splits.*** Any cash dividends declared with respect to shares of Restricted Stock shall be held in escrow by the Committee until such time as the shares of Restricted Stock are no longer subject to a substantial risk of forfeiture or are otherwise vested and, in the event that such shares of Restricted Stock are subsequently forfeited, the cash dividends attributable to such portion shall be forfeited. As a condition to the grant of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a Share of Restricted Stock be automatically reinvested in additional Shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.



---

**Table of Contents**

(e) ***Deferred Stock Awards.*** The Committee is authorized to grant Deferred Stock Awards to any Eligible Person on the following terms and conditions:

(i) ***Award and Restrictions.*** Satisfaction of a Deferred Stock Award shall occur upon expiration of the deferral period specified for such Deferred Stock Award by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, a Deferred Stock Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Deferred Stock Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Deferred Stock, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Deferred Stock Award, a Deferred Stock Award carries no voting or dividend or other rights associated with Share ownership.

(ii) ***Forfeiture.*** Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Deferred Stock Award), the Participant's Deferred Stock Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that, subject to the limitations set forth in Section 6(j)(ii) hereof, the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Deferred Stock Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Deferred Stock Award.

(iii) ***Dividend Equivalents.*** Unless otherwise determined by the Committee at the date of grant, any Dividend Equivalents that are granted with respect to any Deferred Stock Award shall be either (A) paid with respect to such Deferred Stock Award at the dividend payment date in cash or in Shares of unrestricted stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock Award and the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect. Notwithstanding the foregoing, any Dividend Equivalents that are granted with respect to any Deferred Stock Award shall be held in escrow by the Committee until such time as the Deferred Stock Award that such Dividend Equivalents are attributed to shall become no longer subject to a substantial risk of forfeiture or otherwise satisfied any vesting conditions, and in the event that such Deferred Stock Award is subsequently forfeited, the Dividend Equivalents attributable to such portion shall be forfeited.

(f) ***Bonus Stock and Awards in Lieu of Obligations.*** The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

(g) ***Dividend Equivalents.*** The Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, Awards, or

other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify; provided, however any Dividend

A-10

---

**Table of Contents**

Equivalents that are granted with respect to any Restricted Stock or Deferred Stock Award shall be held in escrow by the Committee until such time as the Restricted Stock or Deferred Stock Award that such Dividend Equivalents are attributed to shall become no longer subject to a substantial risk of forfeiture or otherwise satisfied any vesting conditions, and in the event that such Restricted Stock or Deferred Stock Award is subsequently forfeited, the Dividend Equivalents attributable to such portion shall be forfeited.

(h) ***Performance Awards.*** The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 8 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 9 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 8(b), or in the case of an Award that the Committee determines shall not be subject to Section 8 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis in a manner that does not violate the requirements of Section 409A of the Code.

(i) ***Other Stock-Based Awards.*** The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration, (including without limitation loans from the Company or a Related Entity provided that such loans are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

(j) ***Certain Vesting Requirements and Limitations on Waiver of Forfeiture Restrictions.*** Awards granted under the Plan shall be subject to a minimum vesting period of not less than one (1) year from the date of grant of the Award. This minimum vesting period may be accelerated or waived in the event of a Participant's death, disability, retirement, termination of employment, upon a Change in Control or such other events that the Committee determines. Notwithstanding the minimum vesting period, up to five percent (5%) of the Shares reserved for Awards under Section 4(a) of the Plan, subject to adjustment under Section 10(c), may be granted with vesting terms not conforming to the one (1) year minimum vesting period.

(k) ***Dividend Payments.*** Notwithstanding anything to the contrary in the Plan and notwithstanding that the Plan does not provide for the payment of cash dividends on Awards other than Restricted Stock Awards and Dividend Equivalents, subject to Section 6(d)(iv) hereof with respect to cash dividends that are declared with respect to shares of Restricted Stock and Section 6(e)(iii) hereof with respect to Dividend Equivalents that are granted with respect to any Restricted Stock or Deferred Stock Award, any cash dividends that are declared with respect to Awards shall be held in escrow by the Committee until such time as the Shares with respect to which such cash dividends are declared are no longer subject to a substantial risk of forfeiture or are otherwise vested and, in the event that such Shares are

subsequently forfeited, the cash dividends attributable to such portion shall be forfeited.

A-11



---

**Table of Contents****7. Certain Provisions Applicable to Awards.**

(a) **Stand-Alone, Additional, Tandem, and Substitute Awards.** Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity, in which the value of Shares subject to the Award is equivalent in value to the cash compensation (for example, Deferred Stock or Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Shares minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price discounted by the amount of the cash compensation surrendered); provided, however, that any such determination to grant an Award in lieu of cash compensation shall be made in a manner intended to comply with Section 409A of the Code.

(b) **Term of Awards.** The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code).

(c) **Form and Timing of Payment Under Awards; Deferrals.** Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. Any installment or deferral provided for in the preceding sentence shall, however, be subject to the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations adopted by the Securities and Exchange Commission thereunder, and other applicable laws, and all applicable rules of the Listing Market, and in a manner intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. The settlement of any Award may be accelerated (to the extent such acceleration would not violate the requirements of Section 409A of the Code), and cash paid in lieu of Shares in connection with such settlement, in the sole discretion of the Committee or upon the occurrence of one or more specified events (in addition to a Change in Control). Any such settlement shall be at a value determined by the Committee in its sole discretion, which, without limitation, may in the case of an Option or Stock Appreciation Right be limited to the amount if any by which the Fair Market Value of a Share on the settlement date exceeds the exercise or grant price. Installment or deferred payments may be required by the Committee (subject to Section 7(e) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. The Committee may, without limitation, make provision for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) **Exemptions from Section 16(b) Liability.** It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed

amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).

A-12

---

**Table of Contents**

(e) ***Code Section 409A.***

(i) If any Award constitutes a nonqualified deferred compensation plan under Section 409A of the Code (a Section 409A Plan), then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

(A) Payments under the Section 409A Plan may not be made earlier than (u) the Participant's separation from service, (v) the date the Participant becomes disabled, (w) the Participant's death, (x) a specified time (or pursuant to a fixed schedule) specified in the Award Agreement at the date of the deferral of such compensation, (y) a change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets of the corporation, or (z) the occurrence of an unforeseeable emergency;

(B) The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

(C) Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

(D) In the case of any Participant who is a specified employee, a distribution on account of a separation from service may not be made before the date which is six months after the date of the Participant's separation from service (or, if earlier, the date of the Participant's death).

For purposes of the foregoing, the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award. The Company does not make any representation to the Participant that any Awards awarded under this Plan will be exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless any Participant or Beneficiary for any tax, additional tax, interest or penalties that any Participant or Beneficiary may incur in the event that any provision of this Plan or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

(ii) The Award Agreement for any Award that the Committee reasonably determines to constitute a Section 409A Plan, and the provisions of the Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Section 409A, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code. No Section 409A Plan shall be adjusted, modified or substituted for, pursuant to any provision of this Plan, without the consent of the Participant if any such adjustment, modification or substitution would cause the Section 409A Plan to violate the requirements of Section 409A of the Code.

8. ***Code Section 162(m) Provisions.***

(a) ***Covered Employees.*** Unless otherwise specified by the Committee, the provisions of this Section 8 shall be applicable to any Performance Award granted to any Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, including any such Award issued to a Covered Employee which is determined by the Committee to be grandfathered under applicable regulations and guidance.

(b) ***Performance Criteria.*** If an Award is subject to this Section 8, then the payment or distribution thereof or the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant

A-13

**Table of Contents**

thereto, as applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder, including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being substantially uncertain. One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the Company and/or a Related Entity (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income or income from operations; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; (13) debt reduction; (14) market share; (15) entry into new markets, either geographically or by business unit; (16) customer retention and satisfaction; (17) strategic plan development and implementation, including turnaround plans; and/or (18) the Fair Market Value of a Share. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of companies that are comparable to the Company. At the time that the Committee establishes the performance goals in respect of an Award subject to this Section 8, the Committee may provide that in determining the achievement of performance goals, the Committee shall exclude the impact of any (i) restructurings, discontinued operations, extraordinary items (as defined pursuant to generally accepted accounting principles), and other unusual or non-recurring charges, (ii) a change in accounting standards required by generally accepted accounting principles, or (iii) such other exclusions or adjustments as the Committee specifies at the time the Award is granted.

(c) ***Performance Period; Timing For Establishing Performance Goals.*** Achievement of performance goals in respect of Performance Awards shall be measured over a Performance Period specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any Performance Period applicable to such Performance Awards, or at such other date as may be required or permitted for performance-based compensation under Code Section 162(m).

(d) ***Adjustments.*** The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 8, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 8 if and to the extent that such adjustment would cause the Award to fail to qualify as performance based compensation under Code Section 162(m). The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) ***Committee Certification.*** No Participant shall receive any payment under the Plan that is subject to this Section 8 unless and until the Committee has certified, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as performance based compensation under Code Section 162(m).

## 9. ***Change in Control.***

(a) ***Effect of Change in Control.*** If and only to the extent provided in any employment or other agreement between the Participant and the Company or any Related Entity, or in any Award Agreement, or to the

A-14

**Table of Contents**

extent otherwise determined by the Committee in its sole discretion and without any requirement that each Participant be treated consistently, upon the occurrence of a Change in Control, as defined in Section 9(b) hereof:

(i) Any Option or Stock Appreciation Right that was not previously vested and exercisable as of the time of the Change in Control, shall become immediately vested and exercisable, subject to applicable restrictions set forth in Section 10(a) hereof.

(ii) Any restrictions, deferral of settlement, and forfeiture conditions applicable to a Restricted Stock Award, Deferred Stock Award or an Other Stock-Based Award subject only to future service requirements granted under the Plan shall lapse and such Awards shall be deemed fully vested as of the time of the Change in Control, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof.

(iii) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, the Committee may, in its discretion, deem such performance goals and conditions as having been met as of the date of the Change in Control.

(b) **Definition of Change in Control.** Unless otherwise specified in any employment agreement between the Participant and the Company or any Related Entity, or in an Award Agreement, a Change in Control shall mean the occurrence of any of the following:

(i) The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the value of then outstanding equity securities of the Company (the Outstanding Company Stock ) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the Outstanding Company Voting Securities) (the foregoing Beneficial Ownership hereinafter being referred to as a Controlling Interest ); provided, however, that for purposes of this Section 9(b), the following acquisitions shall not constitute or result in a Change in Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Related Entity; or (z) any acquisition by any entity pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the Incumbent Board ) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company, or any one or more Subsidiaries whose combined revenues for the prior fiscal year represented more than 50% of the consolidated revenues of the Company and its Subsidiaries for the prior fiscal year (the Major Subsidiaries ), or a sale or other disposition of all or substantially all of the assets of the Company or the Major Subsidiaries, or the acquisition of assets or equity of another entity by the Company or any of its Subsidiaries, (each a Business Combination ), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Stock and

Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the value

A-15



---

**Table of Contents**

of the then outstanding equity securities and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of members of the board of directors (or comparable governing body of an entity that does not have such a board), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the value of the then outstanding equity securities of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the Board of Directors or other governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

#### 10. ***General Provisions.***

(a) ***Compliance With Legal and Other Requirements.*** The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to the Listing Market, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) ***Limits on Transferability; Beneficiaries.*** No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent (i) such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon), (ii) do not violate the requirements of Rule 16(b)-3, and (iii) are not inconsistent with requirements of any form of registration statement under the Securities Act of 1933, as amended, pursuant to which the Shares issuable under this Plan are then registered. A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) ***Adjustments.***

(i) ***Adjustments to Awards.*** In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization,

A-16

---

**Table of Contents**

merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer to which any Award relates, then the Committee shall, in such manner as it may deem equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate. Notwithstanding the foregoing, no adjustments may be made with respect to any Performance Awards subject to Section 8 if and to the extent that such adjustment would cause the Award to fail to qualify as performance-based compensation under Section 162(m) of the Code.

(ii) ***Adjustments in Case of Certain Transactions.*** Except as otherwise provided in any employment agreement or in any Award Agreement, in the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control, any outstanding Awards may be dealt with in accordance with any of the following approaches, without the requirement of obtaining any consent or agreement of a Participant as such, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee in its sole discretion, and without any requirement that Participants be treated consistently: (a) the continuation of the outstanding Awards by the Company, if the Company is a surviving entity, (b) the assumption or substitution for the outstanding Awards by the surviving entity or its parent or subsidiary, (c) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (d) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). For the purposes of this Section 10(c)(ii), an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall be considered assumed or substituted for if following the Change in Control the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding. The Committee shall give written notice of any proposed transaction referred to in this Section 10(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his exercise of any Awards upon the consummation of the transaction.

(iii) ***Other Adjustments***. The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance

A-17

---

**Table of Contents**

Awards, or performance goals and conditions relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights, or Performance Awards granted pursuant to Section 8(b) hereof, to Participants designated by the Committee as Covered Employees and intended to qualify as performance-based compensation under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as performance-based compensation under Code Section 162(m) and regulations thereunder. Adjustments permitted hereby may include, without limitation, increasing the exercise price of Options and Stock Appreciation Rights, increasing performance goals, or other adjustments that may be adverse to the Participant.

(d) **Taxes.** The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(e) **Changes to the Plan and Awards.** The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants (including in a manner adverse to the rights of a Participant under an outstanding Award), except that any amendment or alteration to the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or Code Section 162(m)) or the rules of the Listing Market, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, without the consent of the Participant (including in a manner adverse to the rights of a Participant under an outstanding Award), except as otherwise provided in the Plan (including without limitation Section 6(j)(ii) hereof).

(f) **Limitation on Rights Conferred Under Plan.** Neither the Plan nor any action taken hereunder or under any Award shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company including, without limitation, any right to receive dividends or distributions, any right to vote or act by written consent, any right to attend meetings of shareholders or any right to receive any information concerning the Company's business, financial condition, results of operation or prospects, unless and until such time as the Participant is duly issued Shares on the stock books of the Company in accordance with the terms of an Award. None of the Company, its officers or its directors shall have any fiduciary obligation to the Participant with respect to any Awards unless and until the Participant is duly issued Shares pursuant to the Award on the stock books of the Company in

accordance with the terms of an Award. Neither the Company nor any of the Company's officers, directors, representatives or agents are granting

A-18

---

**Table of Contents**

any rights under the Plan to the Participant whatsoever, oral or written, express or implied, other than those rights expressly set forth in this Plan or the Award Agreement.

(g) ***Unfunded Status of Awards; Creation of Trusts.*** The Plan is intended to constitute an unfunded plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the unfunded status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(h) ***Nonexclusivity of the Plan.*** Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Section 162(m) of the Code.

(i) ***Payments in the Event of Forfeitures; Fractional Shares.*** Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) ***Governing Law.*** Except as otherwise provided in any Award Agreement, the validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Florida without giving effect to principles of conflict of laws, and applicable federal law.

(k) ***Non-U.S. Laws.*** The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Related Entities may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(l) ***Plan Effective Date and Shareholder Approval; Termination of Plan.*** The Plan became effective on the Effective Date. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the Effective Date of Restated Plan. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

(m) ***Clawback; Forfeiture.*** Any Award granted pursuant to the Plan on or after February 6, 2014 will be subject to mandatory repayment by the Participant to the Company to the extent the Participant is, or in the future becomes, subject to (1) any Company clawback or recoupment policy adopted by the Board or the Committee to comply with the requirements of any applicable law, rule or regulation, or otherwise, or (2) any law, rule or regulation which imposes mandatory recoupment, under the circumstances set forth in any such law, rule or regulation.





**Table of Contents**

In addition, the Committee may reserve the right in an Award Agreement to cause a forfeiture of the gain realized by a Participant with respect to an award on account of actions taken by, or failed to be taken by, such Participant in violation or breach of, or in conflict with, any employment agreement, non-competition agreement, agreement prohibiting solicitation of employees or clients of the Company or any affiliate, confidentiality obligation with respect to the Company or any affiliate, Company policy or procedure (including the Company's Corporate Governance Principles, Code of Conduct Finance, Insider Trading Policy and Company Code of Conduct), other agreement, or any other obligation of such Participant to the Company or any affiliate. The Committee may annul an outstanding award if the Participant is terminated for Cause as defined in any Applicable Award agreement or as defined in any other agreement between the Company or such affiliate and such Participant, as applicable.

A-20

**Table of Contents**

1301 Concord Terrace  
Sunrise, Florida 33323-2825

**Table of Contents**

*MEDNAX, INC.*

*1301 CONCORD TERRACE*

*SUNRISE, FL 33323-2825*

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. ET on May 15, 2019. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. ET on May 15, 2019. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E71073-P20014-Z74470      KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.      DETACH AND RETURN THIS PORTION ONLY**

**MEDNAX, INC.**

<b>For</b>	<b>To withhold</b>
<b>Withhold</b>	authority to
<b>For All</b>	vote for any
<b>All      All      Except</b>	individual
	nominee(s),
	mark For All
	Except and

**The Board of Directors recommends you vote FOR the following:**

1. Election of Directors

write the number(s) of the nominee(s) on the line below.

**Nominees:**

- 01) Cesar L. Alvarez
- 02) Karey D. Barker
- 03) Waldemar A. Carlo, M.D.
- 04) Michael B. Fernandez
- 05) Paul G. Gabos
- 06) P. J. Goldschmidt, M.D.
- 07) Manuel Kadre
- 08) Roger J. Medel, M.D.
- 09) Carlos A. Migoya
- 10) Michael A. Rucker
- 11) Enrique J. Sosa, Ph.D.

**The Board of Directors recommends you vote FOR proposals 2, 3 and 4.**

**For Against Abstain**

- 2. Proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the 2019 fiscal year.
- 3. Proposal to approve, by non-binding advisory vote, the compensation of our named executive officers.
- 4. Proposal to approve the amendment and restatement of the Mednax, Inc. Amended and Restated 2008 Incentive Compensation plan, as amended.

For Address Changes/Comments, please check this box and write them on the back where indicated.

Please indicate if you plan to attend this meeting.

**Yes No**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

E71074-P20014-Z74470

**MEDNAX, INC.**

**Annual Meeting of Shareholders**

**May 16, 2019 9:30 AM ET**

**This proxy is solicited by the Board of Directors**

The shareholder(s) hereby appoint(s) Roger J. Medel, M.D., Dominic J. Andreano and Stephen D. Farber, or any of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot and upon such other business as may properly come before the meeting, all of the shares of Common Stock of MEDNAX, INC. that the shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at 9:30 AM, ET, on Thursday, May 16, 2019, at the Bonaventure Resort & Spa, 250 Racquet Club Road, Weston, Florida 33326, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**