BRIGHT HORIZONS FAMILY SOLUTIONS INC.
Form S-1
October 24, 2012
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As filed with the Securities and Exchange Commission on October 24, 2012

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

(Exact name of registrant as specified in its charter)

Delaware	**8351**	**80-0188269**
(State or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number)	(I.R.S. employer identification number)

200 Talcott Avenue South

Watertown, Massachusetts 02472

(617) 673-8000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

David Lissy

Chief Executive Officer

200 Talcott Avenue South

Watertown, Massachusetts 02472

(617) 673-8000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Craig E. Marcus	John G. Casagrande	D. Rhett Brandon
Ropes & Gray LLP	General Counsel	John C. Ericson
Prudential Tower	200 Talcott Avenue South	Simpson Thacher & Bartlett LLP
800 Boylston Street	Watertown, Massachusetts 02472	425 Lexington Avenue
Boston, Massachusetts	Telephone: (617) 673-8000	New York, New York, 10017
Telephone: (617) 951-7000	Facsimile: (617) 673-8629	Telephone: (212) 455-2000
Facsimile: (617) 951-7050		Facsimile: (212) 455-2502

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated Filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, $0.001 par value per share	$220,000,000	$30,008

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion dated October 24, 2012

Shares

Bright Horizons Family Solutions Inc.

Common Stock

This is the initial public offering of shares of common stock of Bright Horizons Family Solutions Inc.

Bright Horizons Family Solutions Inc. is offering shares of common stock to be sold in the offering.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ and $. Bright Horizons Family Solutions Inc. intends to apply to list our common stock on the New York Stock Exchange, subject to notice of official issuance, under the symbol BFAM.

We are an emerging growth company as defined in Section 2(a) of the Securities Act of 1933 and will be subject to reduced public company reporting requirements. See Prospectus Summary Implications of Being an Emerging Growth Company.

Investing in our common stock involves substantial risks. See Risk Factors beginning on page 14 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option for a period of 30 days to purchase from us up to an additional shares at the initial price to the public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2012.

Goldman, Sachs & Co. **J.P. Morgan** **Barclays**

BofA Merrill Lynch **Credit Suisse**

Baird **BMO Capital Markets** **Stifel Nicolaus Weisel** **SMBC Nikko**

Prospectus dated , 2012.

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Through and including , 2012 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Market and Other Industry Data

Although we are responsible for all of the disclosure contained in this prospectus, we rely on and refer to information regarding the child care industry, which has been compiled from market research reports, census data and other publicly available information. Other industry and market data included in this prospectus are from internal analyses based upon data available from known sources or other proprietary research and analysis. We believe this data to be accurate as of the date of this prospectus. However, this information cannot always be verified with complete certainty due to the limitations on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties.

Trademarks, Service Marks and Copyrights

We own or have rights to trademarks, service marks, trade names and copyrights that we use in connection with the operation of our business, including our corporate names, logos and website names. Other trademarks, service marks and trade names appearing in this prospectus are the property of their respective owners. The trademarks we own include Bright Horizons®. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this prospectus are listed without the ©, ® and symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks, trade names and copyrights.

The Reclassification

In connection with this offering, on , 2012, we effected a 1-for- reverse split of our Class A common stock and then reclassified our Class A common stock into common stock. Immediately prior to this offering, we will convert each outstanding share of Class L common stock into approximately of a share of common stock plus an additional number of shares determined by dividing the per share Class L conversion amount, currently estimated to be $, by the initial public offering price of a share of our common stock in this offering, net of the estimated underwriting discounts and commissions and a pro rata portion, based upon the number of shares being sold in this offering, of the estimated offering related expenses incurred by us. At the time of such conversion, in accordance with the terms of our equity incentive plans and our outstanding awards thereunder, outstanding options to purchase shares of our Class L common stock will become options to purchase shares of our common stock with appropriate adjustments to the exercise price per share and the number of shares underlying each such award. Unless otherwise indicated, all share data gives effect to the reclassification, including a conversion of all shares of our Class L common stock into shares of our common stock and related adjustments to our outstanding options to purchase shares of our Class L common stock, in each case based upon such estimated Class L conversion amount and the estimated offering-related expenses disclosed in this prospectus. See The Reclassification.

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PROSPECTUS SUMMARY

This summary highlights information appearing elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus, including the financial data and related notes and the section entitled Risk Factors before deciding whether to invest in our common stock. Unless otherwise indicated or the context otherwise requires, references in this prospectus to the Company , Bright Horizons , we , us and our refer to Bright Horizons Family Solutions Inc. and its consolidated subsidiaries. References in this prospectus to years are to our fiscal years, which end on December 31. All information in this prospectus assumes no exercise of the underwriters option to purchase additional shares, unless otherwise noted.

Our Company

We are a leading provider of high-quality child care and early education services as well as other services designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of June 30, 2012, we had more than 850 client relationships with employers across a diverse array of industries, including more than 130 Fortune 500 companies and more than 75 of *Working Mother* magazine s 2012 100 Best Companies for Working Mothers. Our service offerings include:

- Center-based full service child care and early education (representing approximately 87% of our revenue in the year ended December 31, 2011)
- Back-up dependent care and
- Educational advisory services.

We believe we are a provider of choice for each of the solutions we offer. As of June 30, 2012, we operated a total of 773 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 87,400 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of greater than 95% among respondents in our employer and parent satisfaction surveys over each of the past five years and an annual client retention rate of 97% for employer-sponsored centers over each of the past ten years.

We have a 25-year track record of providing high-quality services and a history of strong financial performance. From 2001 through 2011, we have achieved year-over-year revenue and adjusted EBITDA growth at a compound annual growth rate of 11% for revenue and 17% for adjusted EBITDA. We also achieved year-over-year net income growth at a compound annual growth rate of 23% from 2001 to 2007. In 2008 through 2010, we incurred net losses due primarily to the additional debt service obligations and amortization expense incurred in connection with our going private transaction. In 2011, our net income grew $14.8 million over the prior year to $4.8 million. Our strong revenue growth has been driven by additions to our center base through organic center growth and acquisitions, expansions of our service offerings to back-up dependent care and educational advisory services and consistent year-over-year tuition increases. We have also increased our adjusted EBITDA margin in each year from 2001 through 2011. For the year ended December 31, 2011 and the six months ended June 30, 2012, we generated revenue of $973.7 million and $529.6 million, net income of $4.8 million and $1.7 million, adjusted EBITDA of $148.5 million and $89.1 million, and adjusted net income of

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$23.4 million and $19.8 million, respectively. Additional information regarding adjusted EBITDA and adjusted net income, including a reconciliation of adjusted EBITDA and adjusted net income to net income, is included in Summary Consolidated Financial and Other Data.

Our Business Models

We provide our center-based child care services under two general business models: a profit and loss (P&L) model, where we assume the financial risk of operating a child care center; and a cost-plus model, where we are paid a fee by an employer client for managing a child care center on a cost-plus basis. Our P&L model is further classified into two subcategories: (i) a sponsor model, where we provide child care and early education services on either an exclusive or priority enrollment basis for the employees of a specific employer sponsor; and (ii) a lease/consortium model, where we provide child care and early education services to the employees of multiple employers located within a specific real estate development (for example, an office building or office park), as well as to families in the surrounding community. In both our cost-plus and sponsor P&L models, the development of a new child care center, as well as ongoing maintenance and repair, is typically funded by an employer sponsor with whom we enter into a multi-year contractual relationship. In addition, employer sponsors typically provide subsidies for the ongoing provision of child care services for their employees. We also provide back-up dependent care services through our own centers and through our Back-Up Care Advantage (BUCA) program, which offers access to a contracted network of in-home care agencies and approximately 2,500 center-based providers in locations where we do not otherwise have centers with available capacity.

Industry Overview

We compete in the global market for child care and early education services as well as the market for work/life services offered by employers as benefits to employees. Families in the United States spent approximately $43 billion on licensed group child care in 2007. The child care industry can generally be subdivided into center-based and home-based child care. We operate in the center-based market, which is highly fragmented, with over 90% of providers operating fewer than 10 centers, and the top 10 providers comprising less than 10% of the market.

The center-based child care market includes both retail and employer-sponsored centers and can be further divided into full-service centers and back-up centers. The employer-sponsored model, which has been central to our business since we were founded in 1986, is characterized by a single employer or consortium of employers entering into a long-term contract for the provision of child care at a center located at or near the sponsor s worksite. The sponsor generally funds the development as well as ongoing maintenance and repair of a child care center at or near its worksite and subsidizes the provision of child care services to make them more affordable for its employees.

Additionally, we compete in the growing markets for back-up dependent care and educational advisory services, and we believe we are the largest and one of the only multi-national providers of back-up dependent care services.

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Industry Trends

We believe that the following key factors contribute to growth in the markets for employer-sponsored child care and for back-up dependent care and educational advisory services:

Increasing Participation by Women and Two Working Parent Families in the Workforce

Greater Demand for High-Quality Center-Based Child Care and Early Education.

Recognized Return on Investment to Employers.

Growing Global Demand for Child Care and Early Education Services.

Our History

We were listed on Nasdaq from 1998 to May 2008, when we were acquired by investment funds affiliated with Bain Capital Partners, LLC, which we refer to as our going private transaction. Since then, we have continued to grow through challenging economic times while investing in our future. We have grown our international footprint to become a leader in the center-based child care market in the United Kingdom and have expanded into the Netherlands and India as a platform for further international expansion. In the United States, we have enhanced and grown our back-up dependent care services while adding a new educational advisory service for existing employer clients. We have also expanded our sales force with a specific focus on cross-selling opportunities to our employer clients. We have invested in new technologies to better support our full suite of services and expanded our marketing efforts with additional focus on maximizing occupancy levels in centers where we can improve our economics with increased enrollment.

Our Competitive Strengths

Market Leading Service Provider

We believe we are the leader in the markets for employer-sponsored center-based child care and back-up dependent care, and that the breadth, depth and quality of our service offerings developed over a successful 25-year history represent significant competitive advantages. We have approximately five times more employer-sponsored centers in the United States than our closest competitor, according to Child Care Information Exchange s *2010 Employer Child Care Trend Report*. We believe the broad geographic reach of our child care centers, with targeted clusters in areas where we believe demand is generally higher and where income demographics are attractive, provides us with an effective platform to market our services to current and new clients.

Collaborative, Long-term Relationships with Diverse Customer Base

We have more than 850 client relationships with employers across a diverse array of industries, including more than 130 of the Fortune 500 companies, with our largest client contributing less than 3% of our revenue in 2011 and our largest 10 clients representing less than 13% of our revenue in that year. Our business model places an emphasis on multi-year employer sponsorship contracts where our clients typically fund the development of new child care centers at or near to their worksites and frequently support the ongoing operations of these centers.

Our multiple touch points with both employers and employees give us unique insight into the corporate culture of our clients. This enables us to identify and provide innovative and tailored solutions to address our clients specific work/life needs. In addition to full service center-based care, we provide

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access to a multi-national back-up dependent care network and educational advisory support, allowing us to offer various combinations of services to best meet the needs of specific clients or specific locations for a single client. Our tailored, collaborative approach to employer-sponsored child care has resulted in an annual client retention rate for employer-sponsored centers of approximately 97% over each of the past ten years.

Commitment to Quality

Our business is anchored in the consistent provision of high-quality service offerings to employers and families. We have therefore designed our child care centers to meet or exceed applicable accreditation and rating standards in all of our key markets, including in the United States through the National Academy of Early Childhood Programs, a division of the National Association for the Education of Young Children (NAEYC), and in the United Kingdom through the ratings of the Office of Standards in Education. We believe that our voluntary commitment to achieving accreditation standards offers a competitive advantage in securing employer sponsorship opportunities and in attracting and retaining families because an increasing number of potential and existing employer clients require adherence to accreditation criteria. In the United States, NAEYC accreditation, which is optional and can take two to three years to complete, has been achieved by fewer than 10% of child care centers as compared to more than 70% of our eligible centers.

We maintain our proprietary curriculum at the forefront of early education practices by introducing elements that respond to the changing expectations and views of society and new information and theories about the ways in which children learn and grow. We also believe that strong adult-to-child ratios are a critical factor in delivering our curriculum effectively as well as helping to facilitate more focused care. Our programs often provide adult-to-child ratios that are more stringent than many state licensing standards.

Market Leading People Practices

Our ability to deliver consistently high-quality care, education and other services is directly related to our ability to attract, retain and motivate our highly skilled workforce. We have consistently been named as a top employer by third-party sources in the United States, the United Kingdom and the Netherlands, including being named as one of the 100 Best Places to Work in America by *Fortune Magazine* 13 times.

We believe the education and experience of our center leaders and teachers exceed the industry average. In addition to recurring in-center training and partial tuition reimbursement for continuing education, we have developed a training program that establishes standards for our teachers as well as an in-house online training academy (Bright Horizons University), which allows our employees to earn nationally-recognized child development credentials.

Capital Efficient Operating Model Provides Platform for Growth, with Attractive Economics

We have achieved uninterrupted year-over-year revenue, adjusted EBITDA and adjusted EBITDA margin growth for each of the last ten years despite broader macro-economic fluctuations. With employer sponsors funding the majority of the capital required for new centers developed on their behalf, we have been able to grow our business with limited capital investment, which has contributed to strong cash flows from operations.

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Proven Acquisition Track Record

We have an established acquisition team to pursue potential targets using a proven framework to effectively evaluate potential transactions with the goal of maximizing our return on investment while minimizing risk. Since 2006, we have completed acquisitions of 123 child care centers in the United States, the United Kingdom and the Netherlands, as well as a provider of back-up dependent care services in the United States, representing in aggregate approximately $160 million in annualized revenue.

Experienced Management Team

Our management team has an established track record of operational excellence and has an average tenure of 16 years at Bright Horizons. We have successfully operated Bright Horizons both as a publicly traded company and, since 2008, as a private company. The management team has a proven track record of performance, having increased revenue from $345.9 million in 2001 to $973.7 million in 2011, and increased adjusted EBITDA from $29.8 million in 2001 to $148.5 million in 2011, representing 670 basis points of adjusted EBITDA margin expansion. During this same period, our net income grew from $11.5 million in 2001 to $39.1 million in 2007 and then declined to $(6.6 million) in 2008 and to $(10.0 million) in 2010. In 2011, our net income increased $14.8 million over the prior year to $4.8 million. Our net income since 2008 reflects the incremental contributions from growth in the business, offset by the additional debt service obligations and amortization expense incurred in connection with our May 2008 going private transaction.

Our Growth Strategy

We believe that there are significant opportunities to continue to grow our business globally and expand our leadership position by continuing to execute on the following strategies:

Grow Our Client Relationships

Secure Relationships with New Employer Clients. Our addressable market includes approximately 15,000 employers, each with at least 1,000 employees, within the industries that we currently service in the United States and the United Kingdom. Our dedicated sales force focuses on establishing new client relationships and is supported by our Horizons Workforce Consulting practice, which helps potential clients to identify the precise work/life offerings that will best meet their strategic goals.

Expand Relationships with Existing Employer Clients Through Additional Centers and Cross-Selling. As of June 30, 2012, we operated approximately 200 centers for 50 clients with multiple facilities, and we believe there is a significant opportunity to add additional employer-sponsored centers for both these and other existing clients as well as to increase the number of our clients that use more than one of our four principal service offerings.

Continue to Expand Through the Assumption of Management of Existing Sponsored Child Care Centers. We occasionally assume the management of existing centers from the incumbent management team, which enables us to develop new client relationships, typically with no capital investment and no purchase price payment.

Sustain Annual Price Increases to Enable Continued Investments in Quality

We look for opportunities to invest in quality as a way to enhance our reputation with our clients and their employees. By developing a strong reputation for high-quality services and facilities, we are

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able to support consistent price increases that keep pace with our cost increases. Over our history, these price increases have contributed to our revenue growth and have enabled us to drive margin expansion.

Increase Utilization at Existing Centers

We believe that our mature P&L centers (centers that have been open for more than three years) are currently operating at utilization levels below our target run rate, in part due to a general deterioration in economic conditions from 2008 to 2010. Utilization rates at our mature P&L centers stabilized in 2010 and have grown in 2011 and the first six months of 2012. We expect to further close the gap between current utilization rates and our target run rate over the next few years.

Selectively Add New Lease/Consortium Centers and Expand Through Selective Acquisitions

We have typically added between six and twelve new lease/consortium centers annually for the past five years, focusing on urban or city surrounding markets where demand is generally higher and where income demographics are generally more supportive of a new center. In addition, we have a long track record of successfully completing and integrating selective acquisitions. The domestic and international markets for child care and other family support services remain highly fragmented. We will therefore continue to seek attractive opportunities both for center acquisitions and the acquisition of complementary service offerings.

Risk Factors

An investment in our common stock involves a high degree of risk. Any of the factors set forth under Risk Factors may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under Risk Factors in deciding whether to invest in our common stock. Among these important risks are the following:

Significant deterioration in general economic conditions in our markets may lead parents to diminish the use of child care services and employers to reduce sponsorship of work and family services.

Because of the nature of our business, we are highly susceptible to reputational damage. Even false allegations or frivolous litigation could significantly damage our reputation and subject us to significant harm.

Our business depends largely on our ability to continue to hire and retain qualified teachers.

As of June 30, 2012, on an as-adjusted basis after giving effect to this offering and the application of the net proceeds therefrom, we would have had total indebtedness of $730.9 million, and our substantial debt could limit our ability to pursue our growth strategy.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our most recently completed fiscal year, we qualify as an emerging growth company as defined in Section 2(a) of the Securities Act of 1933, as amended, which we refer to as the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of

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specified reduced disclosure and other requirements that are otherwise applicable generally to public companies that are not emerging growth companies. These provisions include:

- Reduced disclosure about our executive compensation arrangements;

- No non-binding shareholder advisory votes on executive compensation or golden parachute arrangements; and

- Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.0 billion in annual revenues as of the end of our fiscal year, we have more than $700.0 million in market value of our stock held by non-affiliates as of the end of our second fiscal quarter, or we issue more than $1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced disclosure obligations. We have taken advantage of reduced disclosure regarding executive compensation arrangements in this prospectus, and we may choose to take advantage of some but not all of these reduced disclosure obligations in future filings. If we do, the information that we provide stockholders may be different than you might get from other public companies in which you hold stock.

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to opt out of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We expect that we will cease to be an emerging growth company as of January 1, 2013, subject to applicable interpretations of the Securities and Exchange Commission regarding our treatment as an emerging growth company in connection with this offering.

Our Sponsor

Bain Capital, LLC is a global private investment firm headquartered in Boston, Massachusetts whose affiliates, including Bain Capital Partners LLC, our Sponsor, manage several pools of capital including private equity, venture capital, public equity, high-yield assets and mezzanine capital with approximately $65 billion in assets under management. Since its inception in 1984, funds sponsored by Bain Capital have made private equity investments and add-on acquisitions in over 350 companies in a variety of industries around the world.

Upon completion of this offering, our Sponsor will continue to hold a controlling interest in us and will continue to have significant influence over us and decisions made by our stockholders and may have interests that differ from yours. See Risk Factors Risks Related to Our Common Stock and this Offering.

Corporate Information

Our principal executive offices are located at 200 Talcott Avenue South, Watertown, Massachusetts 02472, and our telephone number is (617) 673-8000. Our Internet website address is *www.brighthorizons.com*. The information on, or that can be accessed through, our website is not part of this prospectus, and you should not rely on any such information in making the decision whether to purchase our common stock.

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The Offering

Common stock offered by us	shares (or shares if the underwriters exercise their option to purchase additional shares in full)
Common stock to be outstanding immediately after completion of this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full). For additional information regarding the impact of a change in the assumed initial public offering price on the number of shares outstanding after completion of this offering related to the conversion of our Class L common stock, see The Reclassification.
Underwriters option to purchase additional shares	We have granted the underwriters a 30-day option to purchase an additional shares.
Use of proceeds	We expect to receive net proceeds, after deducting estimated offering expenses and underwriting discounts and commissions, of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), based on an assumed offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus). We intend to use the net proceeds from this offering to repay all amounts outstanding under the Bright Horizons Capital Corp. 13.0% senior notes due 2018, and to use any remaining net proceeds for working capital and for general corporate purposes. As of June 30, 2012, there was $185.6 million in aggregate principal amount of, and accumulated interest on, the Bright Horizons Capital Corp. 13.0% senior notes outstanding. See Use of Proceeds.
Dividend policy	Our board of directors does not currently intend to pay regular dividends on our common stock. See Dividend Policy.
Principal stockholders	Upon completion of this offering, investment funds affiliated with the Sponsor will indirectly beneficially own a controlling interest in us. For more information, see Management Board Structure and Committee Composition.
Trading symbol	BFAM
Risk factors	You should read carefully the Risk Factors section of this prospectus for a discussion of factors that you should consider before deciding to invest in shares of our common stock.
Conflict of interest	Certain affiliates of Goldman, Sachs & Co., an underwriter in this offering, beneficially own all of our 11.5% senior subordinated notes due 2018 and our 13.0% senior notes due

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2018. We intend to use all or a portion of the net proceeds of this offering to redeem the entire outstanding principal amount of the 13.0% senior notes due 2018 and to pay accrued interest thereon. See Use of Proceeds. As a result, certain affiliates of Goldman, Sachs & Co. will receive all or a substantial portion of the net proceeds of this offering. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. Rule 5121 requires that a qualified independent underwriter meeting certain standards participate in the preparation of the registration statement and prospectus and exercise the usual standards of due diligence with respect thereto. J.P. Morgan Securities LLC has agreed to act as a qualified independent underwriter within the meaning of Rule 5121 in connection with this offering. Goldman, Sachs & Co. will not confirm sales of the shares to any account over which they exercise discretionary authority without the prior written approval of the customer.

The number of shares of our common stock to be outstanding after this offering is based on the number of shares outstanding after our reclassification (assuming an offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus)) and excludes shares of our common stock issuable upon the exercise of outstanding options at a weighted average exercise price equal to $ per share, of which options to purchase shares were exercisable as of , 2012, and an additional shares of our common stock will be issuable under our 2012 Omnibus Long-Term Incentive Plan. For additional information regarding the impact of a change in the assumed initial public offering price, in connection with the conversion of our Class L common stock, on the number of shares issuable upon the exercise of outstanding options after completion of this public offering, see The Reclassification.

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Summary Consolidated Financial and Other Data

The following table sets forth our summary historical and other data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2010 and 2011 and for the three years in the period ended December 31, 2011 presented in this table have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical financial data as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data as of December 31, 2009 has been derived from our consolidated financial statements for such year, which are not included in this prospectus. The summary consolidated balance sheet data as of June 30, 2011 has been derived from our unaudited consolidated financial statements for such period, which are not included in this prospectus. Historical results are not necessarily indicative of the results to be expected for future periods and operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2012. The data in the following table related to adjusted EBITDA, adjusted net income, child care and early education centers and licensed capacity are unaudited for all periods presented.

This summary historical consolidated financial and other data should be read in conjunction with the disclosures set forth under Capitalization and Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

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	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
	(In thousands, except per share and operating data)				
Consolidated Statement of Operations Data:					
Revenue	$ 852,323	$ 878,159	$ 973,701	$ 480,939	$ 529,585
Cost of services	672,793	698,264	766,500	376,321	407,012
Gross profit	179,530	179,895	207,201	104,618	122,573
Selling, general and administrative expenses	82,798	83,601	92,938	45,196	67,226
Amortization	29,960	27,631	27,427	13,661	13,182
Income from operations	66,772	68,663	86,836	45,761	42,165
Gains from foreign currency transactions			835		
Interest income	132	28	824	22	62
Interest expense	(83,228)	(88,999)	(82,908)	(43,603)	(40,432)
Net interest expense and other	(83,096)	(88,971)	(81,249)	(43,581)	(40,370)
(Loss) income before income taxes	(16,324)	(20,308)	5,587	2,180	1,795
Income tax benefit (expense)	6,789	10,314	(825)	(924)	(119)
Net (loss) income	(9,535)	(9,994)	4,762	1,256	1,676
Net income attributable to noncontrolling interest			3		134
Net (loss) income attributable to Bright Horizons Family Solutions Inc.	$ (9,535)	$ (9,994)	$ 4,759	$ 1,256	1,542
Accretion of Class L preference	58,559	64,712	71,568	34,603	38,102
Accretion of Class L preference for vested options	1,171	1,251	1,274	623	3,992
Net (loss) available to common shareholders	$ (69,265)	$ (75,957)	$ (68,083)	$ (33,970)	$ (40,552)
Allocation of net (loss) income to common stockholders basic and diluted:					
Class L	$ 58,559	$ 64,712	$ 71,568	$ 34,603	$ 38,102
Class A	$ (69,265)	$ (75,957)	$ (68,083)	$ (33,970)	$ (40,552)
Earnings (loss) per share:					
Class L basic and diluted	$ 44.52	$ 49.21	$ 54.33	$ 26.27	$ 28.75
Common basic and diluted	$ (5.85)	$ (6.42)	$ (5.74)	$ (2.87)	$ (3.40)
Weighted average number of common shares outstanding:					
Class L basic and diluted	1,315,267	1,315,153	1,317,273	1,317,053	1,325,297
Common basic and diluted	11,837,402	11,836,374	11,855,632	11,853,477	11,929,773
Pro Forma Consolidated Statements of Operations Data(1):					
Pro forma net income					
Pro forma earnings per share(2):					
Basic					
Diluted					
Pro forma weighted average shares outstanding:					
Basic					
Diluted					
Consolidated Balance Sheet Data (at period end):					
Total cash and cash equivalents	$ 14,360	$ 15,438	$ 30,448	$ 27,669	$ 62,764
Total assets	1,732,724	1,721,692	1,771,164	1,729,375	1,901,331
Total liabilities, excluding debt	364,352	362,034	389,986	374,560	414,840
Total debt, including current maturities	794,881	795,458	799,257	786,394	891,360
Total redeemable noncontrolling interest			15,527		15,296
Class L common stock	633,452	699,533	772,422	734,759	811,548

Total stockholders deficit	(59,961)	(135,333)	(206,028)	(166,338)	(231,713)
Other Financial and Operating Data:					
Adjusted EBITDA(3)	126,955	132,238	148,519	75,306	89,099
Adjusted net income(3)	11,336	9,496	23,413	10,552	19,815
Capital expenditures for new and existing centers	43,616	39,522	42,517	18,680	27,688
Child care and early education centers (at period end)	694	705	743	724	773
Licensed capacity (at period end)	77,100	78,900	83,400	81,850	87,400

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(1) The pro forma consolidated statements of operations data for fiscal 2011 and the six months ended June 30, 2012 give effect to (a) the reclassification of our common stock and the conversion of our Class L common stock, both into our common stock, as described in The Reclassification, (b) the issuance of common stock in this offering and the application of the net proceeds therefrom as described in Use of Proceeds and (c) the termination of our management agreement with the Sponsor in connection with this offering, as if each had occurred on the first day of the period presented. See Related Party Transactions.

(2) See The Reclassification for a discussion of the conversion of our Class L common stock to common stock in connection with the completion of this offering.

(3) Adjusted EBITDA and adjusted net income are metrics used by management to measure operating performance. Adjusted EBITDA represents our earnings before interest, taxes, depreciation, amortization, straight line rent expense, stock compensation expense and the Sponsor management fee. Adjusted net income represents our net income (loss) determined in accordance with generally accepted accounting principles in the United States, or GAAP, adjusted for stock compensation expense, amortization expense, the sponsor management fee and the income tax benefit thereon.

The following table presents a reconciliation of each of our adjusted EBITDA and our adjusted net income to our net income (loss) determined in accordance with GAAP:

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
	(unaudited, in thousands)				
Net income (loss)	$ (9,535)	$ (9,994)	$ 4,762	$ 1,256	$ 1,676
Interest expense, net	83,096	88,971	82,084	43,581	40,370
Income tax (benefit) expense	(6,789)	(10,314)	825	924	119
Depreciation	23,400	25,689	28,024	13,305	16,103
Amortization	29,960	27,631	27,427	13,661	13,182
EBITDA	120,132	121,983	143,122	72,727	71,450
Additional Adjustments:					
Straight line rent expense(a)	1,998	5,401	1,739	746	600
Stock compensation expense(b)	2,325	2,354	1,158	583	15,799
Sponsor management fee(c)	2,500	2,500	2,500	1,250	1,250
Total adjustments	6,823	10,255	5,397	2,579	17,649
Adjusted EBITDA	$ 126,955	$ 132,238	$ 148,519	$ 75,306	$ 89,099
Net income (loss)	$ (9,535)	$ (9,994)	$ 4,762	$ 1,256	$ 1,676
Stock compensation expense(b)	2,325	2,354	1,158	583	15,799
Sponsor management fee(c)	2,500	2,500	2,500	1,250	1,250
Amortization(d)	29,960	27,631	27,427	13,661	13,182
Tax effect(e)	(13,914)	(12,995)	(12,434)	(6,198)	(12,092)
Adjusted net income	$ 11,336	$ 9,496	$ 23,413	$ 10,552	$ 19,815

(a) Represents rent in excess of cash paid for rent, recognized on a straight line basis over the lease life in accordance with Accounting Standards Codification (ASC) Topic 840, *Leases*.

(b) Represents non-cash stock-based compensation expense.

(c) Represents annual fees paid to our Sponsor under a management agreement, which will be terminated upon consummation of this offering. See Related Party Transactions Arrangements with Our Investors.

(d) Represents amortization of intangible assets, including $23.2 million, $21.7 million, $20.6 million, $10.5 million and $10.1 million in 2009, 2010, 2011 and for the six months ended June 30, 2011 and 2012, respectively, associated with intangible assets recorded in connection with our going private transaction in May 2008.

(e) Represents the tax benefit, using an effective rate of 40%, associated with the expenses described in notes (b), (c) and (d).

Adjusted EBITDA and adjusted net income are not presentations made in accordance with GAAP, and the use of the terms adjusted EBITDA and adjusted net income may differ from similar measures reported by other companies. We believe that adjusted EBITDA and adjusted net income provide investors with useful information with respect to our historical operations.

We present adjusted EBITDA and adjusted net income as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under GAAP, while isolating the effects of some items that vary from period to period. Specifically, adjusted EBITDA allows for an assessment of our operating performance and of our ability to service or incur indebtedness without the effect of non-cash charges, such as depreciation, amortization, the excess of rent expense over cash rent expense and stock compensation expense, and the effect of our Sponsor management fee, which we will not owe for periods after the consummation of this offering. In addition, adjusted net income allows us to assess our performance without the impact of the specifically identified items that we believe do not directly reflect our core operations. These measures also function as benchmarks to evaluate our operating performance.

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This prospectus also includes information concerning adjusted EBITDA margin, which is defined as the ratio of adjusted EBITDA to revenue. We present adjusted EBITDA margin because it is used by management as a performance measurement to judge the level of adjusted EBITDA generated from revenue. We believe its inclusion is appropriate to provide additional information to investors and other external users of our financial statements.

Adjusted EBITDA, adjusted net income and adjusted EBITDA margin are not measurements of our financial performance under GAAP and should not be considered in isolation or as an alternative to net income, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. We understand that although adjusted EBITDA and adjusted net income are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted EBITDA, adjusted net income and adjusted EBITDA margin do not fully reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;

- adjusted EBITDA and adjusted net income do not reflect changes in, or cash requirements for, our working capital needs;

- adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA and adjusted net income do not reflect any cash requirements for such replacements.

Because of these limitations, adjusted EBITDA and adjusted net income should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

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RISK FACTORS

An investment in our common stock involves various risks. You should carefully consider the following risks and all of the other information contained in this prospectus before investing in our common stock. The risks described below are those which we believe are the material risks that we face. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment in our common stock.

Risks Related to Our Business and Industry

Changes in the demand for child care and other dependent care services, which may be negatively affected by economic conditions, may affect our operating results.

Our business strategy depends on employers recognizing the value in providing employees with child care and other dependent care services as an employee benefit. The number of employers that view such services as cost-effective or beneficial to their work forces may not continue to grow or may diminish. In addition, demographic trends, including the number of dual-income families in the work force, may not continue to lead to increased demand for our services. Such changes could materially and adversely affect our business and operating results.

Even among employers that recognize the value of our services, demand may be adversely affected by general economic conditions. For example, during the recent recession, we believe sustained uncertainty in U.S. and global economic conditions and persistently high unemployment domestically resulted in reduced enrollment levels at our mature P&L centers, and enrollment remains below pre-recession levels. Should the economy experience additional or prolonged weakness, employer clients may reduce or eliminate their sponsorship of work and family services, and prospective clients may not commit resources to such services. In addition, a reduction in the size of an employer s workforce could negatively impact the demand for our services and result in reduced enrollment or failure of our employer clients to renew their contracts. A deterioration of general economic conditions may adversely impact the need for our services because out-of-work parents may diminish or discontinue the use of child care services, or be unwilling to pay tuition for high-quality services. Additionally, we may not be able to increase tuition at a rate consistent with increases in our operating costs. If demand for our services were to decrease, it could disrupt our operations and have a material adverse effect on our business and operating results.

Our business depends largely on our ability to hire and retain qualified teachers.

State laws require our teachers and other staff members to meet certain educational and other minimum requirements, and we often require that teachers and staff at our centers have additional qualifications. We are also required by state laws to maintain certain prescribed minimum adult-to-child ratios. If we are unable to hire and retain qualified teachers at a center, we could be required to reduce enrollment or be prevented from accepting additional enrollment in order to comply with such mandated ratios. In certain markets, we may experience difficulty in attracting, hiring and retaining qualified teachers, which may require us to offer increased salaries and enhanced benefits in these more competitive markets. This could result in increased costs at centers located in these markets. Difficulties in hiring and retaining qualified personnel may also affect our ability to meet growth objectives in certain geographies and to take advantage of additional enrollment opportunities at our child care and early education centers in these markets.

Our substantial indebtedness could adversely affect our financial condition.

We have a significant amount of indebtedness. As of June 30, 2012, we had total indebtedness of $916.5 million, excluding approximately $0.6 million of undrawn letters of credit and $74.9 million of unused commitments under our revolving credit facility. Our high level of debt could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing;
- requiring a substantial portion of our cash flow to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior credit facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete; and
- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt at more favorable interest rates.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the credit agreement governing our senior credit facilities and the indentures governing our notes contain restrictions on the incurrence of additional indebtedness, those restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with those restrictions could be substantial. We may also seek to amend one or more of our debt instruments to permit us to finance our growth strategy, just as we recently amended our senior credit facilities to finance the acquisition of Huntyard Limited (Huntyard), the parent company of Casterbridge Care and Education Group Ltd (Casterbridge), in the United Kingdom in May 2012.

In addition, the borrowings under our senior credit facilities bear interest at variable rates. If market interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flow. Assuming all amounts under our senior credit facilities are fully drawn, a 100 basis point change in interest rates would result in a $4.1 million change in annual interest expense on our indebtedness under our senior credit facilities. While we may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

The terms of our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The credit agreement governing our senior credit facilities and the indentures governing our notes contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to incur certain liens, make investments and acquisitions, incur or guarantee additional indebtedness, pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock, or enter into certain other types of contractual arrangements affecting our subsidiaries or indebtedness. See Description of Indebtedness. In addition, the restrictive covenants in the credit agreement governing our senior credit facilities require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control.

A breach of the covenants under the credit agreement governing our senior credit facilities or the indentures that govern our notes could result in an event of default under the applicable indebtedness, unless we obtain a waiver to avoid such default. If we are unable to obtain a waiver, such a default may allow the creditors to accelerate the related debt and may result in the acceleration of or default under any other debt to which a cross-acceleration or cross-default provision applies. In the event our lenders or note holders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

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Acquisitions may disrupt our operations or expose us to additional risk.

Acquisitions are an integral part of our growth strategy. Acquisitions involve numerous risks, including potential difficulties in the integration of acquired operations, such as bringing new centers through the re-licensing or accreditation processes, successfully implementing our curriculum programs, not meeting financial objectives, increased costs, undisclosed liabilities not covered by insurance or by the terms of the acquisition, diversion of management s attention and resources in connection with an acquisition, loss of key employees of the acquired operation, failure of acquired operations to effectively and timely adopt our internal control processes and other policies, and write-offs or impairment charges relating to goodwill and other intangible assets. We may not have success in identifying, executing and integrating acquisitions in the future.

The success of our operations in international markets is highly dependent on the expertise of local management and operating staff, as well as the political, social, legal and economic operating conditions of each country in which we operate.

The success of our business depends on the actions of our employees. In international markets that are newer to our business, we are highly dependent on our current local management and operating staff to operate our centers in these markets in accordance with local law and best practices. If the local management or operating staff were to leave our employment, we would have to expend significant time and resources building up our management or operational expertise in these markets. Such a transition could adversely affect our reputation in these markets and could materially and adversely affect our business and operating results.

If the international markets in which we compete are affected by changes in political, social, legal, economic or other factors, our business and operating results may be materially and adversely affected. As of June 30, 2012, we had 181 centers located in five foreign countries; therefore, we are subject to inherent risks attributed to operating in a global economy. Our international operations may subject us to additional risks that differ in each country in which we operate, and such risks may negatively affect our results. The factors impacting the international markets in which we operate may include changes in laws and regulations affecting the operation of child care centers, the imposition of restrictions on currency conversion or the transfer of funds or increases in the taxes paid and other changes in applicable tax laws.

In addition, instability in European financial markets or other events could cause fluctuations in exchange rates that may affect our revenues. Most of our revenues, costs and debts are denominated in U.S. dollars. However, revenues and costs from our operations outside of the United States are denominated in the currency of the country in which the center is located, and these currencies could become less valuable as a result of exchange rate fluctuations. The current European debt crisis and related European financial restructuring efforts may cause the value of the European currencies, including the British pound and the Euro, to deteriorate. The potential dissolution of the Euro, or market perceptions concerning this and related issues, could adversely affect the value of our Euro- and British pound-denominated assets. Unfavorable currency fluctuations as a result of this and other market forces could result in a reduction in our revenues and net earnings, which in turn could materially and adversely affect our business and operating results.

Because our success depends substantially on the value of our brands and reputation as a provider of choice, adverse publicity could impact the demand for our services.

Adverse publicity concerning reported incidents or allegations of physical or sexual abuse or other harm to a child at any child care center, whether or not directly relating to or involving Bright Horizons, could result in decreased enrollment at our child care centers, termination of existing corporate relationships or inability to attract new corporate relationships, or increased insurance costs, all of which could adversely affect our operations. Brand value and our reputation can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in substantial litigation. These incidents may arise from events that are beyond our ability to control and may damage our brands and reputation, such as instances of physical or sexual abuse or actions taken (or not taken) by one or more center managers or teachers relating to the health, safety or welfare of children in our care. In addition, from time to time, customers and others make claims and take legal action against us. Whether or not customer claims or legal action related to our performance have merit, they may adversely affect our reputation and the demand for our services. Demand for our services could diminish significantly if any such incidents or other matters erode consumer confidence in us or our services, which would likely result in lower sales, and could materially and adversely affect our business and operating results. Any reputational damage could have a material adverse effect on our brand value and our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

Our business activities subject us to litigation risks that may lead to significant reputational damage, money damages and other remedies and increase our litigation expense.

Because of the nature of our business, we may be subject to claims and litigation alleging negligence, inadequate supervision or other grounds for liability arising from injuries or other harm to the people we serve, primarily children. We may also be subject to employee claims based on, among other things, discrimination, harassment or wrongful termination. In addition, claimants may seek damages from us for physical or sexual abuse, and other acts allegedly committed by our employees or agents. We face the risk that additional lawsuits may be filed which could result in damages and other costs that our insurance may be inadequate to cover. In addition to diverting our management resources, such allegations may result in publicity that may materially and adversely affect us and our brands, regardless of whether such allegations are valid. Any such claim or the publicity resulting from it may have a material adverse effect on our business, reputation, results of operations and financial condition including, without limitation, adverse effects caused by increased cost or decreased availability of insurance and decreased demand for our services from employer sponsors and families.

Our international operations may be subject to additional risks related to litigation, including difficulties enforcing contractual obligations governed by foreign law due to differing interpretations of rights and obligations, limitations on the availability of insurance coverages and limits, compliance with multiple and potentially conflicting laws, new and potentially untested laws and judicial systems and reduced or diminished protection of intellectual property. A substantial judgment against us or one of our subsidiaries could materially and adversely affect our business and operating results.

Our continued profitability depends on our ability to pass on our increased costs to our customers.

Hiring and retaining key employees and qualified personnel, including teachers, is critical to our business. Because we are primarily a services business, inflationary factors such as wage and benefits cost increases result in significant increases in the costs of running our business. In addition, increased competition for teachers in certain markets could result in significant increases in the costs of running our business. Any employee organizing efforts could also increase our payroll and benefits expenses. Our success depends on our ability to continue to pass along these costs to our customers. In the event that we cannot increase the cost of our services to cover these higher wage and benefit costs without reducing customer demand for our services, our revenues could be adversely affected, which could have a material adverse effect on our financial condition and results of operations, as well as our growth.

Changes in our relationships with employer sponsors may affect our operating results.

We derive a significant portion of our business from child care and early education centers associated with employer sponsors for whom we provide these services at single or multiple sites

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pursuant to contractual arrangements. Our contracts with employers for full service center-based care typically have terms of three to ten years, and our contracts related to back-up dependent care typically have terms of one to three years. While we have a history of consistent contract renewals, we may not experience a similar renewal rate in the future. The termination or non-renewal of a significant number of contracts or the termination of a multiple-site client relationship could have a material adverse effect on our business, results of operations, financial condition or cash flows.

Significant increases in the costs of insurance or of insurance claims or our deductibles may negatively affect our profitability.

We currently maintain the following major types of commercial insurance policies: workers compensation, commercial general liability (including coverage for sexual and physical abuse), professional liability, automobile liability, excess and umbrella liability, commercial property coverage, student accident coverage, employment practices liability, commercial crime coverage, fiduciary liability, privacy breach/Internet liability and directors and officers liability. These policies are subject to various limitations, exclusions and deductibles. To date, we have been able to obtain insurance in amounts we believe to be appropriate. Such insurance, particularly coverage for sexual and physical abuse, may not continue to be readily available to us in the form or amounts we have been able to obtain in the past, or our insurance premiums could materially increase in the future as a consequence of conditions in the insurance business or in the child care industry.

Changes in laws and regulations could impact the way we conduct business.

Our child care and early education centers are subject to numerous national, state and local regulations and licensing requirements. Although these regulations vary greatly from jurisdiction to jurisdiction, government agencies generally review, among other issues, the adequacy of buildings and equipment, licensed capacity, the ratio of adults to children, educational qualifications and training of staff, record keeping, dietary program, daily curriculum, hiring practices and compliance with health and safety standards. Failure of a child care or early education center to comply with applicable regulations and requirements could subject it to governmental sanctions, which can include fines, corrective orders, placement on probation or, in more serious cases, suspension or revocation of one or more of our child care centers licenses to operate, and require significant expenditures to bring our centers into compliance. Although we expect to pay employees at rates above the minimum wage, increases in the statutory minimum wage rates could result in a corresponding increase in the wages we pay to our employees.

Our operating results are subject to seasonal fluctuations.

Our revenue and results of operations fluctuate with the seasonal demands for child care and the other services we provide. Revenue in our child care centers that have mature operating levels typically declines during the third quarter due to decreased enrollments over the summer months as families withdraw children for vacations and older children transition into elementary schools. In addition, use of our back-up services tends to be higher when school is not in session and during holiday periods, which can increase the operating costs of the program and impact results of operations. We may be unable to adjust our expenses on a short-term basis to minimize the effect of these fluctuations in revenue. Our quarterly results of operations may also fluctuate based upon the number and timing of child care center openings and/or closings, acquisitions, the performance of new and existing child care and early education centers, the contractual arrangements under which child care centers are operated, the change in the mix of such contractual arrangements, competitive factors and general economic conditions. The inability of existing child care centers to maintain their current enrollment levels and profitability, the failure of newly opened child care centers to contribute to profitability and the failure to maintain and grow our other services could result in additional fluctuations in our future operating results on a quarterly or annual basis.

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We depend on key management and key employees to manage our business.

Our success depends on the efforts, abilities and continued services of our executive officers and other key employees. We believe future success will depend upon our ability to continue to attract, motivate and retain highly-skilled managerial, sales and marketing, divisional, regional and child care and early education center director personnel.

Significant competition in our industry could adversely affect our results of operations.

We compete for enrollment and sponsorship of our child care and early education centers in a highly-fragmented market. For enrollment, we compete with family child care (operated out of the caregiver s home) and center-based child care (such as residential and work-site child care centers, full- and part-time nursery schools, private and public elementary schools and church-affiliated and other not-for-profit providers). In addition, substitutes for organized child care, such as relatives and nannies caring for children, can represent lower cost alternatives to our services. For sponsorship, we compete primarily with large residential child care companies with divisions focused on employer sponsorship and with regional child care providers who target employer sponsorship. We believe that our ability to compete successfully depends on a number of factors, including quality of care, site convenience and cost. We often face a price disadvantage to our competition, which may have access to greater financial resources, greater name recognition or lower operating or compliance costs. In addition, certain competitors may be able to operate with little or no rental expense and sometimes do not comply or are not required to comply with the same health, safety and operational regulations with which we comply. Therefore, we may be unable to continue to compete successfully against current and future competitors.

The growth of our business may be adversely affected if we do not execute our growth strategies successfully.

Our ability to grow in the future will depend upon a number of factors, including the ability to develop and expand new and existing client relationships, to continue to provide and expand the high-quality services we offer and to hire and train qualified personnel. Achieving and sustaining growth increases requires the successful execution of our growth strategies, which may require the implementation of enhancements to operational and financial systems, expanded sales and marketing capacity and additional or new organizational resources. We may be unable to manage our expanding operations effectively, or we may be unable to maintain or accelerate our growth.

Governmental universal child care benefit programs could reduce the demand for our services.

National, state or local child care benefit programs comprised primarily of subsidies in the form of tax credits or other direct government financial aid provide us opportunities for expansion in additional markets. However, a universal benefit with governmentally mandated or provided child care could reduce the demand for early care services at our existing child care and early education centers due to the availability of lower cost care alternatives or could place downward pressure on the tuition and fees we charge, which could adversely affect our revenues and results of operations.

Breaches in data security could adversely affect our financial condition and operating results.

For various operational needs, we receive certain personal information including credit card information and personal information for the children and families that we serve. While we have policies and practices that protect our data, a compromise of our systems that results in unauthorized persons obtaining personal information could adversely affect our reputation and our operations, results of operations, financial condition or cash flows, and could result in litigation against us or in the imposition of penalties. In addition, a security breach could require us to expend significant additional resources related to the security of our information systems and could result in a disruption to our operations.

A regional or global health pandemic or other catastrophic event could severely disrupt our business.

A health pandemic is a disease that spreads rapidly and widely by infection and affects many individuals in an area or population at the same time. A regional or global health pandemic, depending upon its duration and severity, could severely affect our business. Enrollment in our child care centers could experience sharp declines as families might avoid taking their children out in public in the event of a health pandemic, and local, regional or national governments might limit or ban public interactions to halt or delay the spread of diseases causing business disruptions and the temporary closure of our centers. Additionally, a health pandemic could also impair our ability to hire and retain an adequate level of staff. A health pandemic may have a disproportionate impact on our business compared to other companies that depend less on the performance of services by employees.

Other unforeseen events, including war, terrorism and other international, regional or local instability or conflicts (including labor issues), embargos, natural disasters such as earthquakes, tsunamis, hurricanes, or other adverse weather and climate conditions, whether occurring in the United States or abroad, could disrupt our operations or result in political or economic instability. Enrollment in our child care centers could experience sharp declines as families might avoid taking their children out in public as a result of one or more of these events.

Risks Related to Our Common Stock and this Offering

We are a controlled company within the meaning of the New York Stock Exchange listing rules and, as a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After the completion of this offering, the Sponsor will continue to control a majority of the voting power of our outstanding common stock. As a result, we are a controlled company within the meaning of the corporate governance standards of the New York Stock Exchange. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements including:

- the requirement that a majority of the board of directors consist of independent directors;

- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;

- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and

- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our compensation committee will not consist entirely of independent directors and the board committees will not be subject to annual performance evaluations. In addition, we will not have a nominating and corporate governance committee. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

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The Sponsor, however, is not subject to any contractual obligation to retain its controlling interest, except that it has agreed, subject to certain exceptions, not to sell or otherwise dispose of any shares of our common stock or other capital stock or other securities exercisable or convertible therefor for a period of at least 180 days after the date of this prospectus without the prior written consent of Goldman, Sachs & Co., J.P. Morgan Securities LLC and Barclays Capital Inc. Except for this brief period, there can be no assurance as to the period of time during which the Sponsor will maintain its ownership of our common stock following the offering.

We are an emerging growth company, as defined in the Securities Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a non-binding shareholder advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information that they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if our total annual gross revenues exceed $1.0 billion, if we issue more than $1.0 billion in non-convertible debt during any three-year period, or if the market value of our common stock held by non-affiliates exceeds $700.0 million as of any June 30 before that time. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Our stock price could be extremely volatile, and, as a result, you may not be able to resell your shares at or above the price you paid for them.

Since the time that we were acquired by our Sponsor in May 2008, there has not been a public market for our common stock, and an active public market for our common stock may not develop or be sustained after this offering. In addition, the stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our operating performance or prospects, and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere in this prospectus and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- our failure or the failure of our competitors to meet analysts projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

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the passage of legislation or other regulatory developments affecting us or our industry;

speculation in the press or investment community;

changes in accounting principles;

terrorist acts, acts of war or periods of widespread civil unrest;

natural disasters and other calamities; and

changes in general market and economic conditions.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management s attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.

Following the closing of this offering, our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock.

There may be sales of a substantial amount of our common stock after this offering by our current stockholders, and these sales could cause the price of our common stock to fall.

After this offering, there will be shares of common stock outstanding. There will be shares issued and outstanding if the underwriters exercise in full their option to purchase additional shares. Of our issued and outstanding shares, all the common stock sold in this offering will be freely transferable, except for any shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act. Following completion of this offering, approximately % of our outstanding common stock (or % if the underwriters exercise in full their option to purchase additional shares from us) will be held by investment funds affiliated with the Sponsor and members of our management and employees.

Each of our directors, executive officers and significant equity holders (including affiliates of the Sponsor) has entered into a lock-up agreement with Goldman, Sachs & Co., J.P. Morgan Securities LLC and Barclays Capital Inc., on behalf of the underwriters, which regulates their sales of our common stock for a period of 180 days after the date of this prospectus, subject to certain exceptions and automatic extensions in certain circumstances. See Shares Eligible for Future Sale Lock-Up Agreements.

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that such sales will occur, could adversely affect the market price of our common stock and make it difficult for us to raise funds through securities offerings in the future. Of the shares to be outstanding after the offering, the shares offered by this prospectus will be eligible for immediate sale in the public market without restriction by persons other than our affiliates. Our remaining outstanding shares will become available for resale in the public market as shown in the chart below.

Number of Shares	Date Available for Resale

Beginning 180 days after this offering, subject to certain exceptions and automatic extensions in certain circumstances, holders of shares of our common stock may require us to register their shares for resale under the federal securities laws, and holders of additional shares of our common stock would be entitled to have their shares included in any such registration statement, all subject to reduction upon the request of the underwriter of the offering, if any. See Related Party Transactions Arrangements With Our Investors. Registration of those shares would allow the holders to immediately resell their shares in the public market. Any such sales or anticipation thereof could cause the market price of our common stock to decline.

In addition, after this offering, we intend to register shares of common stock that are reserved for issuance under our 2012 Omnibus Long-Term Incentive Plan. For more information, see Shares Eligible for Future Sale Registration Statements on Form S-8.

Certain participants in our directed share program must hold their shares for a minimum of 180 days following the date of the final prospectus related to this offering and accordingly will be subject to market risks not imposed on other investors in the offering.

At our request, the underwriters have reserved up to shares of the common stock offered hereby for sale to our employees. Purchasers of these shares who have entered into a lockup agreement with the underwriters in connection with this offering, which generally include our officers, directors and significant stockholders, will be required to agree that they will not, subject to exceptions, offer, sell, contract to sell or otherwise dispose of or hedge any such shares for a period of 180 days after the date of the final prospectus relating to this offering, subject to certain specified extensions. As a result of such restriction, such purchasers may face risks not faced by other investors who have the right to sell their shares at any time following the offering. These risks include the market risk of holding our shares during the period that such restrictions are in effect. In addition, the price of our common stock may be adversely affected following expiration of the lockup period if there is an increase in the number of shares for sale in the market.

Provisions in our charter documents and Delaware law may deter takeover efforts that could be beneficial to stockholder value.

In addition to the Sponsor s beneficial ownership of a controlling percentage of our common stock, our certificate of incorporation and by-laws and Delaware law contain provisions that could make it harder for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include a classified board of directors and limitations on actions by our stockholders. In addition, our board of directors has the right to issue preferred stock without stockholder approval that could be used to dilute a potential hostile acquiror. Our certificate of incorporation also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock other than the Sponsor. As a result, you may lose your ability to sell your stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or management of the company may be unsuccessful. See Description of Capital Stock.

If you purchase shares in this offering, you will suffer immediate and substantial dilution.

If you purchase shares of our common stock in this offering, you will incur immediate and substantial dilution in the pro forma book value of your stock, which dilution would have been $ per share as of June 30, 2012 based on an assumed initial public offering price of $ per share (the midpoint of the offering range shown on the cover of this prospectus), because the price that you pay will be substantially greater than the net tangible book value per share of the shares you acquire. You will experience additional dilution upon the exercise of options and warrants to purchase our common stock, including those options currently outstanding and those granted in the future, and the issuance of restricted stock or other equity awards under our stock incentive plans. To the extent we raise additional capital by issuing equity securities, our stockholders will experience substantial additional dilution. See Dilution.

The Sponsor will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of key transactions, including a change of control.

We are currently controlled, and after this offering is completed will continue to be controlled, by the Sponsor. Upon completion of this offering, investment funds affiliated with the Sponsor will beneficially own % of our outstanding common stock (% if the underwriters exercise in full their option to purchase additional shares from us). For as long as the Sponsor continues to beneficially own shares of common stock representing more than 50% of the voting power of our common stock, it will be able to direct the election of all of the members of our board of directors and could exercise a controlling influence over our business and affairs, including any determinations with respect to mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional common stock or other equity securities, the repurchase or redemption of common stock and the payment of dividends. Similarly, the Sponsor will have the power to determine matters submitted to a vote of our stockholders without the consent of our other stockholders, will have the power to prevent a change in our control and could take other actions that might be favorable to it. Even if its ownership falls below 50%, the Sponsor will continue to be able to strongly influence or effectively control our decisions.

Additionally, the Sponsor is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The Sponsor may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior credit facilities. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, forward-looking statements. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms believes, expects, may, will, should, seeks, proje approximately, intends, plans, estimates or anticipates, or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we and our partners operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the Risk Factors section of this prospectus, which include but are not limited to the following:

Changes in the demand for child care and other dependent care services;

Our ability to hire and retain qualified teachers;

Our substantial indebtedness;

That the terms of our indebtedness could restrict our current and future operations;

The possibility that acquisitions may disrupt our operations and expose us to additional risk;

Our reliance on the expertise of operating staff, especially in international markets;

The possibility that adverse publicity would have a negative impact on the demand for our services and the value of our brand;

The possibility that our business activities subject us to litigation risks that could result in significant money or reputational damages;

Our ability to pass on our increased costs;

Changes in our relationships with employer sponsors;

Our ability to obtain and maintain adequate insurance coverage at a reasonable cost;

Changes in laws or regulations that govern our business;

- Our ability to withstand seasonal fluctuations in the demand for our services;
- Our ability to retain and attract key management and key employees;
- Significant competition within our industry;
- Our ability to implement our growth strategies successfully;
- Our susceptibility to the economic impact of governmental or universal child care programs in the countries in which we operate;
- Breaches in data security; and
- The impact of a regional or global health pandemic or other catastrophic event.

These factors should not be construed as exhaustive and should be read with the other cautionary statements in this prospectus.

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Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this prospectus speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

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THE RECLASSIFICATION

In connection with this offering, on , 2012, we effected a 1-for- reverse split of our Class A common stock and then reclassified our Class A common stock into common stock. Immediately prior to this offering, we had two classes of common stock outstanding, common stock and Class L common stock. The Class L common stock was identical to the common stock, except that the Class L common stock was convertible into shares of our common stock as described below, and each share of Class L common stock was entitled to a preferential payment upon any liquidating distribution by us to holders of our capital stock, whether by dividend, distribution or otherwise, equal to the base amount for such share ($405.00), which we refer to as the Class L base amount. After payment of the Class L base amount, each share of common stock and Class L common stock shared equally in all remaining liquidating distributions by us to holders of our common stock.

Immediately prior to this offering, we will convert each outstanding share of Class L common stock into approximately of a share of common stock plus an additional number of shares of common stock determined by dividing (1) the Class L conversion amount, which will be equal to the base amount for such share ($405.00) plus the amount that accrued from May 28, 2008, the date that we were acquired by investment funds affiliated with the Sponsor, on the outstanding Class L base amount at a rate of 10% per annum, compounded quarterly, and which is currently estimated to be $, by (2) the initial public offering price of a share of our common stock in this offering net of the underwriting discounts and commissions and a pro rata portion, based upon the number of shares being sold in this offering, of the estimated offering-related expenses incurred by us. At the time of such conversion, in accordance with the terms of our equity incentive plans and our outstanding awards thereunder, outstanding options to purchase shares of our Class L common stock will become options to purchase shares of our common stock with appropriate adjustments to the exercise price per share and the number of shares underlying each such award. The estimated Class L conversion amount is based upon an assumed pricing date for this offering of , 2012. If the pricing date for this offering occurs before or after such date, the Class L conversion amount per share will be less or more, as applicable, than such estimated amount by approximately $ per day. The estimated Class L conversion amount of $ based on the assumed initial public offering date of , 2012 is calculated as follows:

Class L base amount as of May 28, 2008(1)	$ 405.00
Accumulated dividends at 10% per annum, compounded quarterly, as of , 2012	
Class L conversion amount as of , 2012	$

(1) Represents the initial Class L base amount specified in our certificate of incorporation at the time of the initial issuance of the shares of Class L common stock.

References to the reclassification throughout this prospectus refer to the 1-for- reverse stock split of our Class A common stock, the reclassification of our Class A common stock into our common stock and the conversion of our Class L common stock into our common stock and related adjustments to our outstanding options to purchase shares of our Class L common stock.

Assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the front cover of this prospectus, offering-related expenses incurred by us as specified under Underwriting of $, and the Class L conversion amount specified above, shares of common stock will be outstanding immediately after the reclassification but before this offering. The actual number of shares of common stock that will be issued as a result of the reclassification is subject to change based on the actual initial public offering price, the offering-related expenses incurred by us and the closing date of this offering. See Description of Capital Stock.

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The following table sets forth the computation of the conversion factor for the Class L common stock:

Class L conversion amount per share	
Assumed initial public offering price per share(a)	
Offering expenses per share	
Assumed initial public offering price per share, net of expenses	
Conversion factor for Class L conversion amount	
Class L base share	
Class L conversion factor	

(a) The midpoint of the range set forth on the cover of this prospectus.

Because the number of shares of common stock into which a share of Class L common stock is convertible will be determined by reference to the initial public offering price in this offering, a change in the assumed initial public offering price would have a corresponding impact on the number of outstanding shares of common stock presented in this prospectus after giving effect to this offering. The following number of shares of our common stock would be outstanding immediately after the reclassification but before this offering, assuming the initial public offering prices for our common stock shown below and assuming the offering related-expenses and the Class L conversion amount specified above:

	$	**$**	**$**	**$**	**$**
Class L conversion factor(1)(2)					
Shares outstanding					
Options outstanding(1)(2)					

(1) The Class L conversion factor is affected by changes in offering expenses at each offering price, specifically estimated underwriting discounts and commissions, which are based on a percentage of the total offering proceeds. No other offering expenses are affected by changes in the offering price. Gives effect to the conversion of all outstanding shares of Class L common stock as if the initial public offering was completed as of the end of the period presented. Class L common stock converts into one share of common stock, adjusted for any stock splits plus an additional number of shares of common stock determined by dividing the Class L conversion amount by the initial public offering price of a share of our common stock in this offering net of the underwriting discounts and commissions and a pro rata portion, based on the number of shares being sold in this offering, of the estimated offering-related expenses incurred by us.

(2) Because the Class L shares accrue a preference at 10% annually, compounded quarterly, the conversion amount of a Class L share at the time of the offering is determined by reference to the date of the offering. A change in the date of the offering would have a corresponding impact on the conversion amount per Class L share of common stock, and would have a corresponding impact on the exercise price for each option to purchase a share of our Class L common stock. The following shows the change in Class L conversion amount and weighted average exercise price for options to purchase shares of our Class L common stock upon the completion of the reclassification based on the following closing dates:

	, 2012	**, 2012**	**, 2012**	**, 2012**	**, 2012**	**, 2012**
Class L conversion amount	$	$	$	$	$	$
Weighted average Exercise price for options on Class L shares	$	$	$	$	$	$

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the shares of our common stock in this offering, after deducting underwriting discounts and commissions and estimated expenses payable by us, will be approximately $ million (or $ million if the underwriters option to purchase additional shares is exercised in full). This estimate assumes an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated expenses payable by us.

We intend to use the net proceeds from this offering to redeem approximately $185.6 million aggregate principal amount and accumulated interest of our 13.0% senior notes and to use any remaining net proceeds for working capital and for general corporate purposes. Our 13.0% senior notes were issued by Bright Horizons Capital Corp. in the aggregate principal amount of $110.0 million in connection with our going private transaction in 2008 and mature on November 28, 2018. These notes bear interest at a rate of 13.0% per annum, and interest payments on or before May 28, 2013 may be paid in kind. As of June 30, 2012, there was $75.6 million of interest added to principal under the notes. Under the terms of the indenture relating to the notes, we may use the net proceeds from this offering to redeem the notes at a price equal to 106.500% of the principal amount thereof plus accrued and unpaid interest.

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DIVIDEND POLICY

Our board of directors does not currently intend to pay regular dividends on our common stock. However, we expect to reevaluate our dividend policy on a regular basis following this offering and may, subject to compliance with the covenants contained in our senior credit facilities, the indentures governing our outstanding notes and other considerations, determine to pay dividends in the future.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our consolidated capitalization as of June 30, 2012 on (1) an actual basis and (2) an adjusted basis, giving effect to (x) the reclassification that will occur prior to the closing of this offering as if it had occurred on June 30, 2012; (y) the issuance of our common stock in this offering and the application of the net proceeds therefrom as described in Use of Proceeds ; and (z) the payment of approximately $7.5 million out of general funds in fees under our management agreement with the Sponsor in connection with the offering and the termination of the management agreement. See Related Party Transactions.

This table should be read in conjunction with Use of Proceeds, Selected Consolidated Financial and Other Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of June 30, 2012	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents(1)	$ 62,764	$
Long-term debt, including current portion	$	$
Revolving credit facility(2)		
Term loan facility(3)	430,898	
Total secured debt	430,898	
11.5% senior subordinated notes	300,000	
13.0% senior notes	185,553	
Total long-term debt(4)	916,451	
Class L common stock, $0.001 par value; 5,000,000 shares authorized and 1,327,115 shares issued and outstanding on an actual basis; no shares authorized, issued and outstanding on an as adjusted basis	811,548	
Stockholders equity (deficit)		
Common stock; $0.001 par value; 50,000,000 shares authorized and 11,946,135 shares issued and outstanding on an actual basis; shares authorized and shares issued and outstanding on an as adjusted basis	12	
Additional paid-in capital	144,063	
Treasury stock, at cost	(622)	
Accumulated deficit(5)	(359,231)	
Accumulated other comprehensive loss	(15,935)	
Total stockholders equity (deficit)	(231,713)	
Total capitalization	$ 1,496,286	

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the range set forth on the front cover of this prospectus) of our common stock would increase (decrease) our actual cash and cash equivalents by $, after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

(2) Consists of a $75.0 million revolving credit facility. As of June 30, 2012, we had $74.9 million of unused commitments available. Excludes $0.6 million of undrawn letters of credit.

(3) Excludes remaining unamortized original issue discount of $9.5 million at June 30, 2012.

(4) Excludes deferred financing costs of $15.6 million at June 30, 2012.

(5)

The as adjusted amount reflects the loss on debt extinguishment to be recorded in connection with the repayment of the senior notes and the termination fee related to the management agreement with the Sponsor. See Use of Proceeds and Related Party Transactions.

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DILUTION

If you invest in our common stock, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock after this offering. Dilution results from the fact that the initial public offering price per share of the common stock is substantially in excess of the book value per share of common stock attributable to the existing stockholders for the presently outstanding shares of common stock. We calculate net tangible book value per share of our common stock by dividing the net tangible book value by the number of outstanding shares of our common stock.

Our net tangible book value deficiency at June 30, 2012 was approximately $, or $ per share of our common stock pro forma for the reclassification but before giving effect to this offering. Pro forma net tangible book value deficiency per share before the offering has been determined by dividing net tangible book value (total consolidated tangible assets less total consolidated liabilities) by the number of shares of common stock outstanding at June 30, 2012, assuming that the reclassification had taken place on June 30, 2012. Dilution in net tangible book value deficiency per share represents the difference between the amount per share that you pay in this offering and the net tangible book value deficiency per share immediately after this offering.

After giving effect to the receipt of the estimated net proceeds from our sale of shares in this offering, assuming an initial public offering price of $ per share (the midpoint of the offering range shown on the cover of this prospectus), and the application of the estimated net proceeds therefrom as described under Use of Proceeds, our pro forma as adjusted net tangible book value deficiency at June 30, 2012 would have been approximately $, or $ per share of common stock. This represents an immediate decrease in net tangible book value deficiency per share of $ to existing stockholders and an immediate increase in net tangible book value deficiency per share of $ to you. The following table illustrates this dilution per share.

Assumed initial public offering price per share(a)	$
Pro forma net tangible book value (deficiency) per share at June 30, 2012	
Increase per share attributable to new investors in this offering	
Pro forma net tangible book value (deficiency) per share after this offering	$
Dilution per share to new investors	$

(a) The midpoint of the range set forth on the cover of this prospectus.

If the underwriters exercise their option to purchase additional shares in full, the pro forma as adjusted net tangible book value deficiency per share of our common stock after giving effect to this offering would be $ per share of our common stock. This represents a decrease in pro forma as adjusted net tangible book value deficiency of $ per share of our common stock to existing stockholders and dilution in pro forma as adjusted net tangible book value deficiency of $ per share of our common stock to you.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of our common stock would decrease (increase) our pro forma net tangible book value deficiency after giving effect to the offering by $, assuming no change to the number of shares of our common stock offered by us as set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated expenses payable by us. Because the number of shares of common stock into which a share of Class L common stock is convertible will be determined by reference to the initial public offering price in this offering, a change in the assumed initial public offering price would also have a corresponding impact on our pro forma net tangible book value deficiency per share of common stock. Our pro forma net tangible book value deficiency per

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share of common stock would have been the following at June 30, 2012, assuming the initial public offering prices for our common stock shown below:

Initial public offering price per share	$	$	$
Dilution per share to new investors	$	$	$

The following table sets forth, as of June 30, 2012, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by existing stockholders and to be paid by new investors purchasing shares of common stock in this offering, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders(1)	$	%	$	%	$
New investors			(2)		
Total	$	100%	$	100%	$

(1) The number of shares purchased by existing stockholders is determined as follows:

Class L shares issued and outstanding as of June 30, 2012	
Less: Class L treasury shares as of June 30, 2012	
Net Class L shares outstanding as of June 30, 2012	
Class L conversion factor(a)	
Converted net Class L shares as of June 30, 2012	
Common shares issued and outstanding as of June 30, 2012	
Less: Common treasury shares as of June 30, 2012	
Total common shares purchased by existing stockholders	

(a) See The Reclassification for a computation of the Class L conversion factor.

(2) Before underwriting discounts and commissions and our expenses.

If the underwriters were to fully exercise their option to purchase additional shares of our common stock from us, the percentage of shares of our common stock held by existing stockholders would be %, and the percentage of shares of our common stock held by new investors would be %.

To the extent any outstanding options are exercised or become vested or any additional options are granted and exercised, other equity awards are granted and become vested or other issuances of shares of our common stock are made, there may be further economic dilution to new investors.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth our selected historical financial and other data as of the dates and for the periods indicated. The selected historical financial data as of December 31, 2010 and 2011 and for the three years in the period ended December 31, 2011 presented in this table have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical financial data as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data as of December 31, 2009 has been derived from our consolidated financial statements for such year, which are not included in this prospectus. The selected consolidated balance sheet data as of June 30, 2011 has been derived from our unaudited consolidated financial statements for such period, which are not included in this prospectus. Historical results are not necessarily indicative of the results to be expected for future periods, and operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012.

This selected historical consolidated financial and other data should be read in conjunction with the disclosures set forth under Capitalization and Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus.

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	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
	(In thousands, except operating data)				
Consolidated Statement of Operations Data:					
Revenue	$ 852,323	$ 878,159	$ 973,701	$ 480,939	$ 529,585
Cost of services	672,793	698,264	766,500	376,321	407,012
Gross profit	179,530	179,895	207,201	104,618	122,573
Selling, general and administrative expenses	82,798	83,601	92,938	45,196	67,226
Amortization	29,960	27,631	27,427	13,661	13,182
Income from operations	66,772	68,663	86,836	45,761	42,165
Gains from foreign currency transactions			835		
Interest income	132	28	824	22	62
Interest expense	(83,228)	(88,999)	(82,908)	(43,603)	(40,432)
Net interest expense and other	(83,096)	(88,971)	(81,249)	(43,581)	(40,370)
(Loss) income before income taxes	(16,324)	(20,308)	5,587	2,180	1,795
Income tax benefit (expense)	6,789	10,314	(825)	(924)	(119)
Net (loss) income	(9,535)	(9,994)	4,762	1,256	1,676
Net income attributable to noncontrolling interest			3		134
Net (loss) income attributable to Bright Horizons Family Solutions Inc.	**$ (9,535)**	**$ (9,994)**	**$ 4,759**	**$ 1,256**	**$ 1,542**
Accretion of Class L preference	58,559	64,712	71,568	34,603	38,102
Accretion of Class L preference for vested options	1,171	1,251	1,274	623	3,992
Net loss available to common shareholders	$ (69,265)	$ (75,957)	$ (68,083)	$ (33,970)	$ (40,552)
Allocation of net (loss) income to common stockholders basic and diluted:					
Class L	$ 58,559	$ 64,712	$ 71,568	$ 34,603	$ 38,102
Class A	$ (69,265)	$ (75,957)	$ (68,083)	$ (33,970)	$ (40,552)
Earnings (loss) per share:					
Class L basic and diluted	$ 44.52	$ 49.21	$ 54.33	$ 26.27	$ 28.75
Common basic and diluted	$ (5.85)	$ (6.42)	$ (5.74)	$ (2.87)	$ (3.40)
Weighted average shares outstanding:					
Class L basic and diluted	1,315,267	1,315,153	1,317,273	1,317,053	1,325,297
Common basic and diluted	11,837,402	11,836,374	11,855,632	11,853,477	11,929,773
Pro Forma Consolidated Statements of Operations Data (1):					
Pro forma net income					
Pro forma earnings per share(2):					
Basic					
Diluted					
Pro forma weighted average shares outstanding:					
Basic					
Diluted					
Consolidated Balance Sheet Data (at period end):					
Total cash and cash equivalents	$ 14,360	$ 15,438	$ 30,448	$ 27,669	$ 62,764
Total assets	1,732,724	1,721,692	1,771,164	1,729,375	1,901,331
Total liabilities, excluding debt	364,352	362,034	389,986	374,560	414,840
Total debt, including current maturities	794,881	795,458	799,257	786,394	891,360
Total redeemable noncontrolling interest			15,527		15,296
Class L common stock	633,452	699,533	772,422	734,759	811,548
Total stockholders deficit	(59,961)	(135,333)	(206,028)	(166,338)	(231,713)

(1) See note 1 in Prospectus Summary Summary Consolidated Financial and Other Data.

(2) See The Reclassification for a discussion of the conversion of our Class L common stock to common stock in connection with the completion of this offering.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

On May 23, 2012, we acquired 100% of the outstanding shares of Huntyard Limited (Huntyard), the parent company of Casterbridge Care and Education Group Ltd (Casterbridge), a company that operates 27 child care and early education centers in the United Kingdom, for cash consideration of $110.9 million. We acquired total tangible assets with fair values of $70.6 million, including fixed assets of $65.6 million, and assumed liabilities with fair values of $10.6 million. In conjunction with this acquisition, we recorded goodwill of $47.4 million and other intangible assets with fair values of $4.7 million, consisting of customer relationships. A deferred tax liability of $1.2 million was recorded related to the intangible assets for the amortization that is not deductible for tax purposes. See note 2 to our consolidated financial statements for details on the purchase price allocation. In connection with this acquisition, we amended our credit agreement governing our senior credit facilities to permit us to borrow an additional $85.0 million in Series C new term loans.

The following unaudited pro forma combined condensed financial information for the year ended December 31, 2011 and the six months ended June 30, 2012 presents consolidated information as if we had acquired Huntyard on January 1, 2011. An unaudited pro forma balance sheet as of June 30, 2012 is not presented because Huntyard s balance sheet, including related acquisition adjustments, is included in the consolidated balance sheet of the Company as of such date. The unaudited pro forma combined condensed financial information has been prepared from, and should be read in conjunction with, the respective historical consolidated financial statements and related notes of the Company and Huntyard included in this prospectus.

The historical profit and loss accounts of Huntyard have been prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP). For the purpose of presenting the unaudited pro forma combined condensed financial information, the profit and loss accounts for Huntyard have been adjusted to conform to generally accepted accounting principles in the United States (US GAAP) as described in note 29 in the audited financial statements for Huntyard included in this prospectus. In addition, the historical financial statements of Huntyard were presented in pounds sterling. For the purpose of presenting the unaudited pro forma combined condensed financial information, the adjusted income statements of Huntyard have been translated into U.S. dollars at the average exchange rates prevailing during the periods presented. The pro forma acquisition adjustments described in the unaudited pro forma combined condensed financial information were based on available information and certain assumptions made by us and may be revised as additional information becomes available as the purchase accounting for the acquisition is finalized.

The unaudited pro forma combined condensed financial information included in this prospectus is not intended to represent what our results of operations would have been if the acquisition had occurred on January 1, 2011 or to project our results of operations for any future period. Since the Company and Huntyard were not under common control or management for any period presented, the unaudited pro forma combined condensed financial results may not be comparable to, or indicative of, future performance.

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Bright Horizons Family Solutions Inc. and Huntyard Limited

Pro forma Combined Condensed Statement of Operations

For the six months ended June 30, 2012

(In thousands, except for share data)

	Bright Horizons	Huntyard in US GAAP (in £) Period Ended May 22, 2012	Huntyard in US GAAP (in US $) Period Ended May 22, 2012	Pro forma Adjustments	Pro forma Combined
Revenue	$ 529,585	£10,978	$ 17,440	$	$ 547,025
Cost of services	407,012	7,685	12,206		419,218
Gross Profit	122,573	3,293	5,234		127,807
Selling, general and administrative expenses	67,226	833	1,324	(434)D	68,116
Amortization	13,182	70	110	411 A	13,703
Income from operations	42,165	2,390	3,800	23	45,988
Interest income	62				62
Interest expense	(40,432)	(640)	(1,011)	(917)B	(42,360)
Income (loss) before income taxes	1,795	1,750	2,789	(894)	3,690
Income tax benefit (expense)	(119)	(544)	(865)	508 C	(476)
Net Income (loss)	1,676	1,206	1,924	(386)	3,214
Net income attributable to non-controlling interest	134				134
Net Income (loss) available to Bright Horizons Family Solutions Inc.	$ 1,542	£1,206	$ 1,924	$ (386)	$ 3,080
Accretion of Class L preference	38,102				38,102
Accretion of Class L preference for vested options	3,992				3,992
Net loss available to common shareholders	$ (40,552)				$ (39,014)
Allocation of net (loss) income to common stockholders basic and diluted:					
Class L	$ 38,102				$ 38,102
Class A	$ (40,552)				$ (39,014)
Earnings (loss) per share:					
Class L basic and diluted	28.75				28.75
Class A basic and diluted	(3.40)				(3.27)
Weighted average number of common shares outstanding:					

Class L basic and diluted	1,325,297	1,325,297
Class A basic and diluted	11,929,773	11,929,773

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Bright Horizons Family Solutions Inc. and Huntyard Limited

Pro forma Combined Condensed Statement of Operations

For the year ended December 31, 2011

(In thousands, except for share data)

	Bright Horizons	Huntyard in US GAAP (in £)	Huntyard in US GAAP (in US$)	Pro forma Adjustments	Pro forma Combined
Revenue	$ 973,701	£26,515	$ 42,424	$	$ 1,016,125
Cost of services	766,500	15,811	25,298	6,703 E	798,501
Gross Profit	207,201	10,704	17,126	(6,703)	217,624
Selling, general and administrative expenses	92,938	6,091	9,745	(6,703)E	95,980
Amortization	27,427	131	208	1,920 A	29,555
Income (loss) from operations	86,836	4,482	7,173	(1,920)	92,089
Gains from foreign currency transactions	835				835
Interest income	824	121	193		1,017
Interest expense	(82,908)	(1,630)	(2,608)	(2,386)B	(87,902)
Income (loss) before income taxes	5,587	2,973	4,758	(4,306)	6,039
Income tax (expense) benefit	(825)	(1,298)	(2,077)	1,812 C	(1,090)
Net income (loss)	4,762	1,675	2,681	(2,494)	4,949
Net income attributable to non-controlling interest	3				3
Net income (loss) available to Bright Horizons Family Solutions Inc.	$ 4,759	£1,675	$ 2,681	$ (2,494)	$ 4,946
Accretion of Class L preference	71,568				71,568
Accretion of Class L preference for vested options	1,274				1,274
Net loss available to common shareholders	$ (68,083)				$ (67,896)
Allocation of net (loss) income to common stockholders basic and diluted:					
Class L	$ 71,568				$ 71,568
Class A	$ (68,083)				$ (67,896)
Earnings (loss) per share:					
Class L basic and diluted	54.33				54.33
Class A basic and diluted	(5.74)				(5.73)
Weighted average number of common shares outstanding:					
Class L basic and diluted	1,317,273				1,317,273
Class A basic and diluted	11,855,632				11,855,632

Notes to Pro Forma Combined Condensed Statements of Operations

Note 1 Basis of Presentation

We accounted for the acquisition of Huntyard under the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. The acquired assets and assumed liabilities were recorded at their respective fair values as of the date of the acquisition. The assets and liabilities have been measured based on estimates and valuations using assumptions that we believe are reasonable based on information currently available. The excess of the purchase price over the estimated amounts of identifiable assets and liabilities was allocated to goodwill.

Note 2 Pro Forma Adjustments

A Amortization

Adjustments to amortization were made to reflect the amortization of acquired intangible assets as if the acquisition had taken place January 1, 2011. Intangible assets of $4.7 million were recorded related to customer relationships that will be amortized over five years, using an accelerated method.

B Interest Expense

Adjustments to interest expense were made to reflect the following:

(1) Series C new term loans The Company borrowed the entire amount of the $85.0 million incremental facility under our credit agreement governing our senior credit facilities for the purchase of Huntyard. Adjustments were made to interest expense to reflect the new debt as being outstanding January 1, 2011, applying an annual interest rate of 5.25%, consistent with the rate in effect as of May 23, 2012, to the outstanding debt balances. In addition, adjustments were made to reflect interest expense for the amortization of the original issue discount and deferred financing fees related to the new debt.

(2) Huntyard debt Adjustments were made to reverse the interest expense recognized by Huntyard related to its long-term debt, as this interest expense is a nonrecurring expense since the debt was paid off at the time of the acquisition.

C Income Taxes

Adjustments to income taxes were made to reflect the income tax benefit of the pro forma adjustments related to the amortization of intangibles and interest expense based on the statutory rates for the respective jurisdictions.

D Deal Costs

Adjustments to selling, general and administrative expenses were made to reverse the deal costs incurred by the Company in relation to the acquisition of Huntyard, as these are nonrecurring expenses.

E Reclassifications

Certain reclassifications from selling, general, and administrative expenses to cost of services have been made to conform the presentation of the Huntyard operations with the presentation in the Company s financial statements.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the Selected Consolidated Financial and Other Data and the audited and unaudited historical consolidated financial statements and related notes. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and generally contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates, anticipates or similar expressions. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied by the forward-looking statement. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See Risk Factors and Cautionary Note Regarding Forward-Looking Statements for a discussion of factors that could cause our actual results to differ from those expressed or implied by forward-looking statements.

Overview

We are a leading provider of high-quality child care and early education as well as other services that are designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve their employee engagement, productivity, recruitment and retention. As of June 30, 2012, we had more than 850 client relationships with employers across a diverse array of industries, including more than 130 Fortune 500 companies and more than 75 of *Working Mother* magazine s 2011 100 Best Companies for Working Mothers.

At June 30, 2012, we operated 773 child care and early education centers, consisting of 594 centers in North America and 179 centers in Europe and India. We have the capacity to serve approximately 87,400 children in 41 states, the District of Columbia, the United Kingdom, Puerto Rico, Canada, Ireland, the Netherlands and India. We seek to cluster centers in geographic areas to enhance operating efficiencies and to create a leading market presence. Our North American child care and early education centers have an average capacity of 126 children per location, while the centers in Europe and India have an average capacity of approximately 69 children per location.

We operate centers for a diverse group of clients. At June 30, 2012, we managed child care centers on behalf of single employers in the following industries and also manage lease/consortium locations in approximately the following proportions:

	Percentage of Centers	
Classification	**North America**	**Europe**
Single employer locations:		
Consumer	5%	2.5%
Financial Services	15	2.5
Government and Education	15	20
Healthcare and Pharmaceuticals	15	5
Industrial/Manufacturing	5	
Professional Services and Other	10	
Technology	5	
	70	30
Lease/consortium locations	30	70
	100%	100%

Segments

Our primary reporting segments are full service center-based care services and back-up dependent care services. Full service center-based care includes child care and early education, preschool and elementary education. Back-up dependent care includes center-based back-up child care, in-home well child care, in home mildly ill child care and in home adult/elder care. Our remaining business services are included in the other educational advisory services segment, which includes our college preparation and admissions counseling services as well as tuition reimbursement management and educational counseling services.

Center Models

We operate our centers under two principal business models, which we refer to as profit & loss (P&L) and cost-plus. Approximately 70% of our centers operate under the P&L model. Under this model, we retain financial risk for child care and early education centers and are therefore subject to variability in financial performance due to fluctuation in enrollment levels. The P&L model is further classified into two subcategories: (i) the sponsor model and (ii) the lease/consortium model. Under the sponsor model, we provide child care and early education services on a priority enrollment basis for employees of an employer sponsor, and the employer sponsor generally pays facility, pre-opening and start-up capital equipment and maintenance costs. Our operating contracts typically have initial terms ranging from three to ten years. Under the lease/consortium model, the child care center is typically located in an office building or office park in a property that we lease, and we provide these services to the employees of multiple employers. We typically negotiate initial lease terms of 10 to 15 years for these centers, often with renewal options.

When we open a new P&L center, it generally takes two to three years for the center to ramp up to a steady state level of enrollment, as a center will typically enroll younger children at the outset and children age into the older (preschool) classrooms over time. We refer to centers that have been open for three years or less as ramping centers. A center will typically achieve breakeven operating performance between 12 to 24 months and will typically achieve a steady state level of enrollment that supports our average center operating profit at the end of three years, although the period needed to reach a steady state level of enrollment may be longer or shorter. Centers that have been open more than three years are referred to as mature centers.

Approximately 30% of our centers operate under the cost-plus business model. Under this model, we receive a management fee from the employer sponsor and an additional operating subsidy from the employer to supplement tuition paid by parents of children in the center. Under this model, the sponsor typically pays facility, pre-opening and start-up, capital equipment and maintenance costs, and the center is profitable from the outset. Our cost-plus contracts typically have initial terms ranging from three to five years. For additional information about the way we operate our centers, see Business Our Business Models.

Performance and Growth Factors

We believe that 2011 was a successful year for the company. We grew our income from operations by 26%, from $68.7 million to $86.8 million. In addition, we added 64 child care and early education centers with a total capacity of approximately 6,800 children; 22 of these centers were organic additions and 42 were added through acquisitions, including an acquisition of a majority interest in 20 centers in the Netherlands in July 2011. In 2011, we closed 26 centers, resulting in a net increase of 38 centers for the year. We expect to add approximately 30 net new centers in 2012.

Our year-over-year improvement in operating income can be attributed to enrollment gains in ramping and mature centers, disciplined pricing strategies aimed at covering anticipated cost increases

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with tuition increases, contributions from back-up dependent care services and contributions from mature centers obtained through acquisitions and added through transitions of management.

General economic conditions and the business climate in which individual clients operate remain some of the largest variables in terms of our future performance. These variables impact client capital and operating spending budgets, industry specific sales leads and the overall sales cycle, enrollment levels, as well as labor markets and wage rates as competition for human capital fluctuates.

Our ability to increase operating income will depend upon our ability to sustain the following characteristics of our business:

- maintenance and incremental growth of enrollment in our mature and ramping centers, and cost management in response to changes in enrollment in our centers,
- effective pricing strategies, including typical annual tuition increases of 3% to 4%, consistent with typical annual increases in personnel costs, including wages and benefits,
- additional growth in expanded service offerings to clients,
- successful integration of acquisitions and transitions of management of centers, and
- successful management and improvement of underperforming centers.

Cost Factors

Our two most significant expenses are cost of services and interest expense. Cost of services consists of direct expenses associated with the operation of our centers, direct expenses to provide back-up dependent care services (including fees to back-up dependent care providers) and direct expenses to provide educational advisory services. Direct expenses consist primarily of staff salaries, taxes and benefits, food costs, program supplies and materials, parent marketing and facilities costs, including occupancy costs and depreciation. Personnel costs are the largest component of a center s operating costs, and, on a weighted average basis, comprise approximately 75% of a center s operating expenses. We are typically responsible for additional costs in a P&L model center as compared to a cost-plus model center. As a result, personnel costs in centers operating under the P&L model will typically represent a smaller proportion of overall costs when compared to the centers operating under the cost-plus model.

We are highly leveraged. As of June 30, 2012, consolidated total debt was $916.5 million ($825.0 million at December 31, 2011). Historically, a large portion of our cash flows from operations has been used to make interest payments on our indebtedness. In connection with our debt agreements, we incurred financing fees of $27.1 million in 2008 and $2.3 million in the six months ended June 30, 2012, which are being amortized over the terms of the related debt instruments. Amortization expense relating to these deferred financing costs is included with interest expense in our consolidated statements of operations.

Seasonality

Our business is subject to seasonal and quarterly fluctuations. Demand for child care and early education and elementary school services has historically decreased during the summer months when school is not in session, at which time families are often on vacation or have alternative child care arrangements. In addition, our enrollment declines as older children transition to elementary schools. Demand for our services generally increases in September and October coinciding with the beginning of the new school year and remains relatively stable throughout the rest of the school year. In addition, use of our back-up dependent care services tends to be higher when schools are not in session and during holiday periods, which can increase the operating costs of the program and impact the results of

operations. Results of operations may also fluctuate from quarter to quarter as a result of, among other things, the performance of existing centers, including enrollment and staffing fluctuations, the number and timing of new center openings, acquisitions and management transitions, the length of time required for new centers to achieve profitability, center closings, refurbishment or relocation, the contract model mix (P&L versus cost-plus) of new and existing centers, the timing and level of sponsorship payments, competitive factors and general economic conditions.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States. Preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The accounting policies we believe are critical in the preparation of our consolidated financial statements relate to revenue recognition, goodwill and other intangibles and common stock valuation and stock-based compensation. Our significant accounting policies are more fully described under the heading Organization and Significant Accounting Policies in note 1 to our consolidated financial statements contained elsewhere in this prospectus.

Revenue Recognition We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable and collectability is reasonably assured. We recognize revenue as services are performed.

Center-based care revenues consist primarily of tuition, which is comprised of amounts paid by parents, supplemented in some cases by payments from employer sponsors and, to a lesser extent, by payments from government agencies. Revenue may also include management fees, operating subsidies paid either in lieu of or to supplement parent tuition and fees for other services.

We enter into contracts under various terms with employer sponsors to manage and operate their child care centers and to provide back-up dependent care services and educational advisory services. Our contracts to operate child care and early education centers are generally three to ten years in length with varying renewal options. Our contracts for back-up dependent care arrangements and for educational advisory services are generally one to three years in length with varying renewal options.

Goodwill and Intangible Assets Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Our intangible assets principally consist of various contractual rights and customer relationships and trade names. Identified intangible assets that have determinable useful lives are valued separately from goodwill and are amortized over the estimated period during which we derive a benefit. Intangible assets related to customer relationships include relationships with employer clients and relationships with parents. Customer relationships with parents are amortized using an accelerated method over their useful lives. All other intangible assets are amortized on a straight line basis over their useful lives.

In valuing the customer relationships, contractual rights and trade names, we utilize variations of the income approach, which relies on historical financial and qualitative information, as well as assumptions and estimates for projected financial information. We consider the income approach the most appropriate valuation technique because the inherent value of these assets is their ability to generate current and future income. Projected financial information is subject to risk if our estimates are incorrect. The most significant estimate relates to our projected revenues and profitability. If we do not meet the projected revenues and profitability used in the valuation calculations, then the intangible

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assets could be impaired. In determining the value of contractual rights and customer relationships, we reviewed historical customer attrition rates and determined a rate of approximately 30% per year for relationships with parents, and approximately 3.5% to 4.0% for employer client relationships. Our multi-year contracts with client customers typically result in low annual turnover, and our long-term relationships with clients make it difficult for competitors to displace us. The value of our contractual rights and customer relationships intangible assets could become impaired if future results differ significantly from any of the underlying assumptions, including a higher customer attrition rate. Contractual rights and customer relationships are considered to be finite-lived assets, with estimated lives ranging from four to 17 years. Certain trade names acquired as part of our strategy to expand by completing strategic acquisitions are considered to be finite-lived assets, with estimated lives ranging from five to ten years. The estimated lives were determined by calculating the number of years necessary to obtain 95% of the value of the discounted cash flows of the respective intangible asset.

Goodwill and certain trade names are considered indefinite-lived assets. Our trade names identify us and differentiate us from competitors, and, therefore, competition does not limit the useful life of these assets. Additionally, we believe that our primary trade names will continue to generate sales for an indefinite period. Goodwill and intangible assets with indefinite lives are not subject to amortization but are tested annually for impairment or more frequently if there are indicators of impairment. We test goodwill for impairment by comparing the fair value of each reporting unit, determined by estimating the present value of expected future cash flows, to its carrying value. We have identified three reporting segments: full service center-based care, back-up dependent care and other educational advisory services. As part of the annual goodwill impairment assessment, we estimated the fair value of each of our operating segments using the income approach. We forecasted future cash flows by operating segment for each of the next ten years and applied a long-term growth rate to the final year of forecasted cash flows. The cash flows were then discounted using our estimated discount rate. We review the difference between the estimated fair value and net book value of each operating segment. If the excess is less than $1.0 million, the operating segment would be required to perform a step two goodwill impairment analysis to determine what amount of goodwill is potentially impaired. As of December 31, 2011, each of our operating segments had estimated fair values that were at least $1.0 million greater than the net book value.

For certain trademarks that are included in our indefinite-lived intangible assets, we estimate the fair value first by estimating the total revenue attributable to each trademark and then by applying the royalty rate determined by an analysis of empirical, market-derived royalty rates for guideline intangible assets, consistent with the initial valuation, or 1% to 2% and then comparing the estimated fair value of the trademarks with the carrying value of the trademarks. The forecasts of revenue and profitability growth for use in our long-range plan and the discount rate were the key assumptions in our intangible fair value analysis. Impairment losses of $0.4 million were recorded in the year ended December 31, 2011 and in the six months ended June 30, 2012 in relation to the carrying value of one indefinite-lived trademark. We identified no impairments in 2009 and 2010.

Long-lived assets, including definite-lived intangible assets, are reviewed for impairment when events or circumstances indicate that the carrying amount of a long-lived asset may not be recovered. Long-lived assets are considered to be impaired if the carrying amount of the asset exceeds the undiscounted future cash flows expected to be generated by the asset over its remaining useful life. If an asset is considered to be impaired, the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value and is charged to results of operations at that time. We identified impairments of long-lived assets of $0.1 million in each of 2009 and 2010, and $0.8 million in 2011.

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Common Stock Valuation and Stock-Based Compensation We account for stock-based compensation using a fair value method. Stock-based compensation expense is recognized in our consolidated financial statements based on the grant-date fair value of the awards for the awards that are expected to vest. For stock options granted with a service condition only, stock-compensation expense is recognized on a straight-line basis over the requisite service period of each separately vesting tranche. For stock options granted with a service and performance condition, stock-compensation expense will be recognized upon a change in control, as defined in our 2008 Equity Incentive Plan, or the closing of an initial public offering, to the extent that the requisite service period is already fulfilled. We calculate the fair value of options using the Black-Scholes option-pricing model.

The fair value of our common stock and Class L common stock underlying our options was initially determined by the board of directors in May 2008 in connection with our going private transaction. The key assumption in determining the fair value of stock-based awards on the date of grant is the fair value of the underlying common stock. This fair value determination was made by the board and was based on consideration of management s estimates of projected financial performance, which included consideration of a contemporaneous valuation performed by an independent third-party valuation specialist in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, which we refer to as the AICPA Practice Aid. This valuation relied on a determination of enterprise value based on market multiples demonstrated explicitly by the going private transaction and on the probability weighted expected return method (PWERM) for the allocation of the value of the invested capital to the two classes of stock. We updated this valuation at the end of each of 2009 and 2010 and in the third quarter of 2011, and these internal valuations were used by our compensation committee of the board of directors in connection with a limited number of additional option grants to our employees in the subsequent year or period.

The fair value of our common stock as of December 31, 2011 was again determined by the board of directors after consideration of management s estimates of projected financial performance, which included consideration of a contemporaneous valuation performed by an independent third-party valuation specialist in accordance with the guidelines outlined in the AICPA Practice Aid, which valuation was performed on a basis consistent with the third-party valuation performed in 2008. This valuation relied on a determination of enterprise value based on a discounted present value of our projected cash flows in future periods. This fair value determination was considered by our board of directors in connection with the offer to exchange outstanding employee options to purchase common stock for options to purchase a combination of shares of common stock and Class L common stock as well as for certain additional grants of options in the second quarter of 2012.

The total equity value at each valuation date was allocated to common stock and Class L shares based on the PWERM methodology, which involved a forward-looking analysis of possible future exit valuations based on a range of multiples of earnings before interest, taxes, depreciation, amortization, straight line rent expense, stock compensation expense, transaction costs expensed in connection with acquisitions completed in the respective periods (including costs associated with our going private transaction), Sponsor management fee and the annual expense associated with certain long-term incentive plans other than stock options (which we refer to for these purposes as EBITDA) at various future exit dates, the estimation of future and present values under each outcome and the application of a probability factor to each outcome. Returns to each class of stock as of each possible future exit date and under each EBITDA multiple scenario were calculated by (i) first allocating equity value to the Class L shares up to the amount of its preferential distribution amount at the assumed exit date and (ii) allocating any residual equity value to the common stock and Class L shares on a participating basis.

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The significant assumptions underlying the common stock valuations at each grant date were as follows:

			Discounted Cash Flow			PWERM		
Valuation Date	Fair Value per Common Share	Market Approach EBITDA Multiples(1)	Perpetuity Growth Rate	Discount Rate(2)	EBITDA Multiple(3)	Weighted Average Years to Exit	Common Stock Discount Rate	Class L Common Stock Discount Rate
May 28, 2008	$ 10.00	10.5x	not used	not used	6.5x-14.5x	3.7	44.00%	16.00%
December 31, 2011	$ 6.09	9.5x	3.00%	12.80%	8.6x-9.5x	3.0	56.70%	16.30%

(1) For the valuation at May 28, 2008, the market approach multiple represents the implied value of our company as of May 28, 2008, as the determination of the going private transaction price was based upon an arm s-length bidding process for a publicly-traded entity. For the December 31, 2011 valuation, the market approach was considered but ultimately not relied upon for a conclusion of fair value given the lack of publicly-traded competitors in the child care industry and the resulting limited comparability of other education companies to us.

(2) Represents the weighted average cost of capital.

(3) For the valuation at May 28, 2008, core EBITDA multiples of 9.5x to 11.5x were utilized and given the greatest weighting in the analysis (70%). Extreme case multiples of 6.5x, 7.5x, 8.5x, 12.5x, 13.5x and 14.5x were also employed but were given less weight than the core multiples, with a combined weighting of 15% below 9.5x and 15% above 11.5x.

Aggregate option grants between May 28, 2008, the date of our going private transaction, and December 31, 2011 were as follows: 1,257,750 options on common shares in 2008 (fair value of $10.00 per share and exercise price of $10.00 per share), 28,300 options on common shares in 2009 (fair value of $10.00 per share and exercise price of $10.00 per share), 71,600 options on common shares in 2010 (fair value of $5.09 per share and exercise price of $10.00 per share), 89,350 options on common shares in April 2011 (fair value of $9.02 per share and exercise price of $10.00 per share) and 41,650 common shares in October 2011 (fair value of $10.89 per share and exercise price of $11.00 per share). On May 2, 2012, 1,401,750 options to acquire common shares were exchanged for options to acquire 815,670 common shares, and options to acquire 90,630 Class L common shares. In addition, on April 4, 2012 and May 2, 2012, a total of 293,004 options to acquire our common shares, and 32,556 options to acquire Class L common shares were also awarded. The fair values and exercise prices for these awards were $6.09 per common share and $511.51 per Class L common share.

In connection with the preparation of the financial statements required for the filing of this Prospectus, we reviewed the valuation of our common stock determined by our board of directors during 2012. As part of our review, we considered our contemporaneous valuation conducted as of December 31, 2011 which was based on management s estimates of projected financial performance and included consideration of a contemporaneous valuation performed by an independent third-party valuation specialist in accordance with the guidelines outlined in the AICPA Practice Aid. We also considered a retrospective valuation as of March 31, 2012 which was based on management s estimates of projected financial performance, including our performance during the first quarter of 2012, and included consideration of a valuation performed by an independent third party valuation specialist in accordance with the guidelines outlined in the AICPA Practice Aid. After considering these factors, we concluded that the board s determinations of fair value as of April 4, 2012 and May 2, 2012 were appropriate as of such dates.

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Results of Operations

The following table sets forth statement of operations data as a percentage of revenue for the three years ended December 31, 2011, and for the six months ended June 30, 2012 and 2011 (in thousands, except percentages).

	Years Ended December 31,						Six Months Ended June 30,			
	2009		2010		2011		2011		2012	
Revenue	$ 852,323	100.0%	$ 878,159	100.0%	$ 973,701	100.0%	$ 480,939	100.0%	$ 529,585	100.0%
Cost of services(1)	672,793	79.0%	698,264	79.5%	766,500	78.7%	376,321	78.2%	407,012	76.9%
Gross profit	179,530	21.0%	179,895	20.5%	207,201	21.3%	104,618	21.8%	122,573	23.1%
Selling, general and administrative expenses(2)	82,798	9.7%	83,601	9.5%	92,938	9.5%	45,196	9.4%	67,226	12.7%
Amortization	29,960	3.5%	27,631	3.2%	27,427	2.9%	13,661	2.8%	13,182	2.5%
Income from operations	66,772	7.8%	68,663	7.8%	86,836	8.9%	45,761	9.6%	42,165	7.9%
Net interest expense and other	83,096	9.7%	88,971	10.1%	81,249	8.3%	43,581	9.1%	40,370	7.6%
Income (loss) before tax	(16,324)	(1.9)%	(20,308)	(2.3)%	5,587	0.6%	2,180	0.5%	1,795	0.3%
Income tax (expense) benefit	6,789	0.8%	10,314	1.2%	(825)	(0.1)%	(924)	(0.2)%	(119)	0.0%
Net income (loss)	(9,535)	(1.1)%	(9,994)	(1.1)%	4,762	0.5%	1,256	0.3%	1,676	0.3%

(1) Cost of services consists of direct expenses associated with the operation of child care centers, and direct expenses to provide back-up dependent care services, including fees to back-up care providers, and educational advisory services. Direct expenses consist primarily of salaries, taxes and benefits for personnel, food costs, program supplies and materials, parent marketing and facilities costs, which include occupancy costs and depreciation.

(2) Selling, general and administrative (SGA) expenses consist primarily of salaries, payroll taxes and benefits (including stock compensation costs) for corporate, regional and business development personnel. Other overhead costs include information technology, occupancy costs for corporate and regional personnel, professional services fees, including accounting and legal services, and other general corporate expenses.

Six Months Ended June 30, 2012 Compared to the Six Months Ended June 30, 2011

Revenue. Revenue increased $48.6 million, or 10.1%, to $529.6 million for the six months ended June 30, 2012 from $480.9 million for the same period in the prior year. Revenue growth is primarily attributable to contributions from new and ramping child care and early education centers, expanded sales of our back-up dependent care services and typical annual tuition increases of 3% to 4%. Revenue generated by full service center-based care services in the six months ended June 30, 2012 increased by $39.6 million, or 9.4%, when compared to the same period in 2011. Revenue generated by back-up dependent care services in the six months ended June 30, 2012 increased by $7.3 million, or 13.5%, when compared to the same period in 2011. Additionally, revenue generated by other educational advisory services in the six months ended June 30, 2012 increased by $1.7 million, or 26.0%, when compared to the same period in 2011.

Our acquisition of the 27 Casterbridge centers in the United Kingdom on May 23, 2012 contributed approximately $4.9 million of revenue in the six months ended June 30, 2012. Our acquisition of 20 centers in the United States on March 14, 2011 contributed approximately $9.0 million of revenue in the six months ended June 30, 2012 compared to $7.6 million in the six months ended June 30, 2011 from the date of acquisition. The acquisition of a majority interest in 20 centers in the Netherlands on July 20, 2011 contributed approximately $12.5 million of revenue in the six months ended June 30, 2012. In addition, enrollment of children through kindergarten age in our mature P&L model centers increased approximately 0.5% in the first six months of 2012 over the first six months of the prior year. Enrollment is not a direct driver of revenue from our cost-plus model centers because the revenue we earn in these centers does not typically vary with enrollment. At June 30, 2012, we operated 773 child care and early education centers compared to 724 centers at June 30, 2011.

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Cost of Services. Cost of services increased $30.7 million, or 8.2%, to $407.0 million for the six months ended June 30, 2012 when compared to the same period in the prior year. Cost of services in the full service centers segment increased $27.2 million, or 8.0%, to $366.5 million in 2012. Personnel costs typically represent approximately 75% of total cost of services for this segment, and personnel costs increased 6.9% as a result of a 5.8% increase in overall enrollment and routine wage increases. In addition, program supplies, materials, food and facilities costs increased 9.2% in connection with the enrollment growth and the incremental occupancy costs associated with centers that have been added in 2011 and 2012. Cost of services in the back-up dependent care segment increased $2.9 million, or 8.9%, to $35.8 million in the first six months of 2012, primarily for personnel costs and for increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by $0.6 million, or 14.0%, to $4.7 million in the first six months of 2012, as we realized economies of scale with existing personnel on the incremental sales of these services.

Gross Profit. Gross profit increased $18.0 million, or 17.2%, to $122.6 million for the six months ended June 30, 2012 when compared to the same period in the prior year, and as a percentage of revenue, increased to 23.1% in the six months ended June 30, 2012 from 21.8% in the six months ended June 30, 2011. The increase is primarily due to the new and ramping P&L centers, which achieve proportionately lower levels of operating costs in relation to revenue as they ramp up enrollment to steady state levels, increased enrollment in our mature P&L centers and expanded back-up services revenue with proportionately lower direct cost of services.

Selling, General and Administrative Expenses. SGA increased $22.0 million, or 48.7%, to $67.2 million for the six months ended June 30, 2012 compared to $45.2 million for the same period in the prior year, and as a percentage of revenue increased to 12.7% from 9.4% in the same period in the prior year. The increase in SGA was primarily due to an increase in stock compensation expense. Stock compensation expense increased $15.2 million, from $0.6 million in the six months ended June 30, 2011 to $15.8 million in the six months ended June 30, 2012. The increase relates to the exchange of existing options to purchase shares of our Class A common stock for options to purchase a combination of shares of our Class A common stock and Class L common stock, which was completed on May 2, 2012. For additional information, see the description of the option exchange under Management Equity Plan and note 12 to our consolidated financial statements appearing elsewhere in this prospectus. The increase was also due to the award of additional options to purchase shares of a combination of our Class A and Class L common stock in the second quarter of 2012. The modification of the previously existing awards resulted in total incremental stock compensation expense of $12.7 million, and the new option awards resulted in total incremental stock compensation expense of $2.7 million, for a combined total charge of $15.4 million in the quarter ended June 30, 2012 related to the requisite service period already fulfilled. We estimate that stock compensation expense for outstanding awards will approximate $23.0 million for the full year in 2012, including approximately $4.0 million associated with satisfaction of the performance condition which would occur on completion of this offering, and will approximate $4.0 million in 2013, as the expense is recognized over the remaining service period of each separately vesting tranche. See note 12 to our consolidated financial statements included elsewhere in this prospectus.

Excluding the incremental stock compensation expense totaling $15.2 million in 2012, SGA increased by $6.8 million, or 15.1%, for the six months ended June 30, 2012 compared to the same 2011 period. The additional increase in SGA is related to investments in technology and marketing, to incremental overhead associated with acquisitions, including $1.6 million for our Netherlands operations acquired in July 2011 and $0.4 million for the 27 Casterbridge centers acquired on May 23, 2012, and to routine increases in costs compared to the prior year, including annual wage increases.

Amortization. Amortization expense on intangible assets totaled $13.2 million for the six months ended June 30, 2012, compared to $13.7 million for the six months ended June 30, 2011. The

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decrease relates to certain intangible assets becoming fully amortized, offset in part by additional amortization for acquisitions completed since June 30, 2011.

Income from Operations. Income from operations decreased by $3.6 million, or 7.9%, to $42.2 million for the six months ended June 30, 2012 when compared to the same period in 2011. Income from operations was 7.9% of revenue for the six months ended June 30, 2012, compared to 9.6% of revenue for the six months ended June 30, 2011. Excluding the impact of the incremental stock compensation charge of $15.2 million in the second quarter of 2012 described above, income from operations would have been $57.4 million, or 10.8% of revenue, an increase of $11.6 million, or 25.4%, from $45.8 million in the six months ended June 30, 2011.

In the full service center-based care segment, income from operations decreased $5.0 million for the six months ended June 30, 2012, including a proportionate share of the incremental stock compensation expense of approximately $11.2 million that was included in SGA in the six months ended June 30, 2012. Excluding this charge, the $6.2 million increase in 2012 reflects price increases and enrollment gains over the prior year as well as contributions from new centers that have been added since June 30, 2011. The back-up dependent care segment added $1.4 million in the six months ended June 30, 2012. Excluding the proportionate share of the incremental stock compensation for this segment of $2.8 million, the back-up dependent care segment added $4.2 million in income from operations in the six months ended June 30, 2012 due to the expanding revenue base and efficiencies of service delivery across a wider revenue base. Income from operations in the other educational advisory services segment was unchanged for the six months ended June 30, 2012 compared to the same 2011 period, and increased $1.2 million excluding this segment s proportionate share of the incremental stock compensation. This increase reflects the higher sales volume in the 2012 period.

Interest Expense. In connection with the completion of our going private transaction, we borrowed a total of $775.0 million in term loans, senior subordinated notes and senior notes, and we have access to an additional $75.0 million revolving line of credit. In connection with the completion of the Casterbridge acquisition of 27 nurseries, we borrowed an additional $85.0 million in May 2012. Interest expense for the six months ended June 30, 2012 totaled $40.4 million compared to $43.6 million for the same period in 2011. The decrease in interest expense is primarily related to a reduction in the interest rate attributable to the term loans as a result of the expiration of the interest rate floors on our Base and Euro rates on May 28, 2011. For more information on our debt instruments and the applicable interest rates and other terms, see Debt below.

Interest expense also includes amortization expense for deferred financing costs of $1.8 million and of $1.7 million in the six months ended June 30, 2012 and 2011, respectively.

Income Tax Expense. We had income tax expense of $0.1 million for the six months ended June 30, 2012 on pre-tax income of $1.8 million, or a 7% effective rate, which includes the benefit of permanent items, a reduction to the statutory tax rate in the United Kingdom and an increase to the reserves for uncertain tax positions.

Net Income. As a result of the foregoing factors, net income was $1.7 million for the six months ended June 30, 2012 compared to $1.3 million for the six months ended June 30, 2011.

Net Income Attributable to Bright Horizons. As a result of the foregoing factors, and including the impact of the net income attributable to the non-controlling interest in our Netherlands subsidiary of $134,000 in 2012 (zero in 2011), the net income attributable to our company was $1.5 million for the six months ended June 30, 2012 compared to $1.3 million for the six months ended June 30, 2011.

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Revenue. Revenue increased $95.5 million, or 10.9%, to $973.7 million for the year ended December 31, 2011 from $878.2 million in the prior year. Revenue growth is primarily attributable to contributions from new and ramping full service child care centers, expanded sales of our back-up dependent care services and typical annual tuition increases of 3% to 4%. Revenue generated by full service center-based care services in the year ended December 31, 2011 increased by approximately $75.2 million, or 9.8%, when compared to 2010. Revenue generated by back-up dependent care services in the year ended December 31, 2011 increased by approximately $15.5 million, or 15.7%, when compared to 2010. Additionally, revenue generated by other educational advisory services increased by $4.8 million, or 48.4%, when compared to 2010.

Our acquisition of 20 centers in the United States on March 14, 2011 contributed approximately $17.1 million of revenue in 2011 from the date of the acquisition. The acquisition of a majority interest in 20 centers in the Netherlands on July 20, 2011 contributed approximately $10.9 million of revenue from the date of the acquisition. Enrollment of children through kindergarten age in mature P&L centers increased approximately 0.8% in 2011 compared to 2010. At December 31, 2011, we operated 743 child care and early education centers compared to 705 centers at December 31, 2010.

Cost of Services. Cost of services increased $68.2 million, or 9.8%, to $766.5 million for the year ended 2011 from $698.3 million in the prior year. Cost of services in the full service centers segment increased $58.3 million, or 9.3%, to $688.1 million in 2011. Personnel costs increased 7.9% as a result of a 7.5% increase in overall enrollment and routine wage increases. In addition, program supplies, materials, food and facilities costs increased 14.1% in connection with the enrollment growth and the incremental occupancy costs associated with centers that have been added in 2010 and 2011, including the 40 centers acquired in 2011. Cost of services in the back-up dependent care segment increased $6.1 million, or 9.6%, to $69.8 million in 2011, primarily for personnel costs and for increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by $3.8 million, or 79.1%, to $8.6 million in 2011, primarily in personnel costs as we established operating capacity to support the incremental sales of these services.

Gross Profit. Gross profit increased $27.3 million, or 15.2%, to $207.2 million for the year ended December 31, 2011 when compared to the prior year, and as a percentage of revenue increased to 21.3% in 2011 from 20.5% in 2010. The increase is primarily attributable to contributions from new and ramping P&L centers, which achieve proportionately lower levels of operating costs in relation to revenue as they increase enrollment to steady state levels, and to cost management in our mature P&L centers, where enrollment has stabilized in relation to the decreases in 2009 and 2010, but remains lower than historical levels. In addition to expanded sales of back-up dependent care services, we realized greater cost efficiency in managing our direct cost of services relating to back-up dependent care in 2011.

Selling, General and Administrative Expenses. SGA increased $9.3 million, or 11.2%, to $92.9 million for the year ended December 31, 2011 when compared to the prior year, and as a percentage of revenue remained consistent at 9.5%. The increase in SGA during the year is related to routine increases in costs compared to the prior year, including annual wage increases, to investments in technology and marketing, and $1.6 million of overhead associated with our Netherlands operations from July 20, 2011. We also incurred $1.0 million in 2011 in connection with the completion of our acquisition in the Netherlands, including the costs incurred to amend certain terms of our debt agreements in order to provide greater flexibility for foreign investments and allow for the acquisition. Partially offsetting the increase in SGA was a decrease in stock compensation expense in 2011

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compared to 2010 related to employee stock option grants, the majority of which were initially awarded in 2008. We recorded stock compensation expense of $1.2 million and $2.4 million, respectively, in each of 2011 and 2010.

Amortization. Amortization expense on intangible assets totaled $27.4 million for the year ended December 31, 2011, compared to $27.6 million for the year ended December 31, 2010. The slight decrease relates to certain intangible assets becoming fully amortized during the year, offset by increases related to the amortization of new intangible assets from acquisitions completed in 2011.

Income from Operations. Income from operations increased $18.2 million, or 26.5%, to $86.8 million for the year ended December 31, 2011 when compared to 2010. Income from operations was 8.9% of revenue for the year ended December 31, 2011 compared to 7.8% in 2010. In the full service center-based care segment, income from operations increased $12.2 million in 2011, or 26.0%. This increase reflects price increases and enrollment gains in our ramping centers as well as contributions from new centers that were added in 2011. The back-up dependent care segment added $7.5 million in 2011, or 35.6%, due to the expanding sales levels and efficiencies of service delivery across a wider revenue base. The other educational advisory services segment declined by $1.5 million in 2011 compared to 2010 due to investments made in operating, sales and administrative personnel to support strategic growth initiatives that have not yet been fully realized.

Interest Expense. Interest expense for the year ended December 31, 2011 totaled $82.9 million, compared to $89.0 million in 2010. The decrease in interest expense is primarily related to a reduction, effective May 29, 2011, in the interest rate attributable to the term loans as a result of the expiration of the interest rate floors on our Base and Euro rates on May 28, 2011. The interest rate on our term loans of 4.3% at December 31, 2011 decreased from the rate of 7.5% at December 31, 2010. Additionally, adjustments made to reflect the fair value of our interest rate cap also contributed to the decrease in interest expense. The fair value adjustments were an increase to interest expense of $0.6 million in the year ended December 31, 2011, compared to an increase to interest expense of $2.3 million in the year ended December 31, 2010.

Interest expense also includes amortization expense for deferred financing costs of $3.4 million and of $3.3 million in the years ended December 31, 2011 and 2012, respectively.

Income Tax Expense. We had income tax expense of $0.8 million for the year ended December 31, 2011 on pre-tax income of $5.6 million, or a 15% effective rate, which includes the benefit of permanent items, the net change to the reserves for uncertain tax positions, a decrease in the state tax rate applied to the net deferred tax liability and a decrease to a valuation allowance at a foreign subsidiary.

Net Income (Loss). As a result of the foregoing factors, including revenue and margin growth as well as a reduction in our borrowing costs, net income was $4.8 million for the year ended December 31, 2011 compared to net loss of $10.0 million for the year ended December 31, 2010.

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

Revenue. Revenue increased $25.8 million, or 3.0%, to $878.2 million for the year ended December 31, 2010 from $852.3 million for the prior year. Revenue growth is primarily attributable to expanded sales of our back-up dependent care services, contributions from new and ramping child care centers and typical annual tuition increases of 3% to 4%. Revenue generated by full service center-based care services in the year ended December 31, 2010 increased by approximately $14.4 million, or 1.9%, when compared to 2009. Revenue generated by back-up dependent care services in

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2010 increased by approximately $9.4 million, or 10.5%, when compared to 2009. Additionally, revenue generated by other educational advisory services increased by $2.0 million, or 25.2%, when compared to 2009.

A full year of the 32 centers acquired in the United Kingdom in April 2009 and of the two centers acquired in the United States in August 2009 added a total of approximately $10.7 million of revenue in 2010 when compared to 2009. Decreases in enrollment of children through kindergarten age in our mature P&L centers partially offset the revenue gains, as enrollment levels were approximately 6.4% lower in 2010 than 2009 levels. We believe this decrease was primarily due to sustained uncertainty in U.S. and global economic conditions and persistently high unemployment domestically which caused parents to reduce spending on tuition for child care services.

Cost of Services. Cost of services increased $25.5 million, or 3.8%, to $698.3 million for the year ended 2010 from $672.8 million in the prior year. Cost of services in the full service centers segment increased $19.2 million, or 3.2%, to $629.8 million in 2010. The increase is primarily due to higher personnel costs, which increased along with the related revenue growth, and in facilities costs associated with lease/consortium centers that have been added in 2009 and 2010, including the 32 centers acquired in the United Kingdom in April 2009. Cost of services in the back-up dependent care segment increased $5.6 million, or 9.7%, to $63.7 million in 2010, primarily for increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by $0.7 million, or 15.7%, to $4.8 million in 2010.

Gross Profit. In 2010, gross profit remained consistent at $179.9 million and as a percentage of revenue declined from 21.0% to 20.5% when compared to the prior year. This is primarily attributable to contributions from our new and ramping P&L centers and from expanded sales of back-up dependent care and other educational advisory services, partially offset by lower contributions from our mature class of P&L centers and by an increase in depreciation associated with lease/consortium centers that have been added in 2009 and 2010.

Selling, General and Administrative Expenses. SGA increased $0.8 million, or 1.0%, to $83.6 million for the year ended December 31, 2010, and as a percentage of revenue decreased to 9.5% from 9.7% in 2009. The increase is primarily attributable to regular increases in costs compared to the prior year, including annual wage increases, and investments in technology and marketing, offset by lower transaction costs associated with completed acquisitions, which totaled $0.1 million in 2010 and $0.6 million in 2009, and the elimination of redundant costs associated with the acquisition in the United Kingdom we completed in the April 2009. Also contributing to SGA was stock compensation expense related to employee stock options grants of $2.4 million and $2.3 million, respectively, in 2010 and 2009.

Income from Operations. Income from operations increased by $1.9 million, or 2.8%, to $68.7 million for the year ended December 31, 2010 when compared to 2009. Income from operations was 7.8% of revenue for each of the years ended December 31, 2010 and 2009. In the full service center-based care segment, income from operations decreased $3.2 million, or 6.5%, in 2010. This decrease reflects the reduction in enrollment levels over the prior year, partially offset by price increases and contributions from new and ramping centers. In the back-up dependent care segment, income from operations increased $4.3 million, or 25.8%, due to the expanding sales levels and efficiencies of service delivery across a wider revenue base. Income from operations in our other educational advisory services segment increased by $0.8 million, reflecting the higher sales volume in 2010.

Amortization. Amortization expense on intangible assets totaled $27.6 million in 2010 compared to $30.0 million in 2009. The decrease relates to certain intangible assets becoming fully amortized.

Interest Expense. Interest expense for 2010 totaled $89.0 million, compared to $83.1 million in 2009. The increase in interest expense is primarily related to adjustments made to reflect the fair value of our interest rate cap, entered into in March 2009. The fair value of the cap as of December 31, 2010 was $0.7 million, compared to $3.0 million as of December 31, 2009, resulting in a decrease in the asset and an increase in interest expense by $2.3 million in 2010. The fair value adjustments for the interest rate cap made in 2009 were an increase to the asset and a decrease to interest expense of $2.0 million.

Interest expense also includes amortization expense for deferred financing costs of $3.3 million for each of the years ended December 31, 2010 and 2009.

Income Tax Benefit. We had an income tax benefit of $10.3 million for 2010 on a pre-tax loss of $20.3 million, primarily due to the benefit of certain federal tax credits and of other permanent items, the effect of which is partially offset by certain operating losses for which recovery in future periods is not yet determinable.

Net Loss. As a result of the foregoing factors, net loss increased $0.5 million, or 4.8%, to $10.0 million for the year ended December 31, 2010 when compared to 2009.

Liquidity and Capital Resources

Our primary cash requirements are for the ongoing operations of our existing child care centers, back-up dependent care and other educational advisory services, the addition of new centers through development or acquisition and debt financing obligations. Our primary sources of liquidity have been cash flow from operations and borrowings available under our $75.0 million revolving credit facility. No amounts were outstanding at June 30, 2012 or December 31, 2011 under the revolving credit facility. At June 30, 2011, borrowings outstanding were $1.0 million, and at December 31, 2010 and 2009, borrowings outstanding were $18.5 million and $38.8 million, respectively. For the years ended December 31, 2009, 2010 and 2011, average outstanding balances under the revolving credit facility were $17.1 million, $8.0 million and $4.5 million, respectively. Average outstanding balances under the revolving credit facility were $2.2 million and zero, respectively, in the six months ended June 30, 2011 and 2012.

We had a working capital deficit of $57.6 million and $80.4 million at June 30, 2011 and 2012, respectively. We had a working capital deficit of $73.3 million, $54.7 million and $69.5 million at December 31, 2009, 2010 and 2011, respectively. Our working capital deficit has arisen primarily from using cash generated from operations to make long-term investments in fixed assets and acquisitions. We anticipate that we will continue to generate positive cash flows from operating activities and that the cash generated will be used principally to fund ongoing operations of our new and existing full service child care centers and expanded operations in the back-up dependent care and educational advisory segments, as well as to make scheduled principal and interest payments. The most significant obligation in the next twelve months is the accumulated payment-in-kind (PIK) interest on our 13.0% senior notes due in May 2013, the balance of which is $75.6 million at June 30, 2012 and is projected to approximate $98.0 million in May 2013. However, we intend to use the net proceeds from this offering to redeem the outstanding 13.0% senior notes including accumulated PIK interest that is added to principal. See Use of Proceeds.

We believe that funds provided by operations, our existing cash and cash equivalent balances and borrowings available under our $75.0 million revolving line of credit will be adequate to meet planned operating and capital expenditures for at least the next 12 months under current operating conditions, as well as the scheduled payment of the PIK interest on our senior notes in May 2013,

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regardless of whether we complete this offering. However, if we were to undertake any significant acquisitions or investments in the purchase of facilities for new or existing child care and early education centers, it may be necessary for to obtain additional debt or equity financing. We may not be able to obtain such financing on reasonable terms, or at all.

Cash Flows

	Years Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
			(In thousands)		
Net cash provided by operating activities	$ 63,872	$ 70,119	$ 133,570	$ 79,012	$ 90,443
Net cash used in investing activities	$ (61,373)	$ (45,904)	$ (94,992)	$ (44,571)	$ (135,856)
Net cash provided by (used in) financing activities	$ 1,420	$ (23,497)	$ (23,281)	$ (22,432)	$ 77,754
Cash and cash equivalents (end of period)	$ 14,360	$ 15,438	$ 30,448	$ 27,669	$ 62,764

Cash Provided by Operating Activities

Cash provided by operating activities was $90.4 million for the six months ended June 30, 2012, compared to $79.0 million for the same period in 2011. The increase in cash from operating activities is primarily related to increases in gross margin, which contributed to higher net income after adding back non-cash stock compensation expense of $15.8 million, the timing of interest payments in 2012 compared to the prior year, and increases in deferred revenue collected for new clients during the six months ended June 30, 2012 compared to the same period in the prior year.

Cash provided by operating activities was $133.6 million for the year ended December 31, 2011 compared to $70.1 million in 2010. The increase in cash from operating activities is primarily related to increases in net income and deferred tax assets, plus changes in working capital, the most significant of which were decreases in income taxes receivable and prepaid income taxes attributable to $22.0 million of tax refunds collected in 2011 and an increase in accounts payable due to the timing of payments. Cash provided by operating activities was $70.1 million for the year ended December 31, 2010 compared to $63.9 million in 2009. This increase is primarily related to changes in working capital, the most significant of which was a decrease in prepaid income taxes related to the timing of income tax payments. In addition, non-cash adjustments for changes in the fair value of our interest rate cap represented an add-back to net income in 2010 compared to a reduction to net income in 2009 in the reconciliation to net cash provided by operating activities.

We expect to generate a similar level of cash from operations in 2012 as we generated in 2011, except for the non-recurring tax refund in 2011 and excluding any potential impact on cash and operating results that may arise out of this offering.

Cash Used in Investing Activities

Cash used in investing activities was $135.9 million for the six months ended June 30, 2012 compared to $44.6 million for the same period in 2011. Fixed asset additions totaled $27.7 million for the six months ended June 30, 2012, with $12.0 million related to new child care and early education centers and the remainder related to investments in existing child care and early education centers and overhead expenses. Fixed asset additions totaled $18.7 million for the six months ended June 30, 2011, with $9.1 million related to new child care and early education centers. Cash paid for acquisitions in the six months ended June 30, 2012 totaled $108.2 million related to the acquisition of 27 Casterbridge centers on May 23, 2012. Cash paid for acquisitions in the six months ended June 30, 2011 totaled $25.9 million related to the acquisition of 20 child care and early education centers in the United States on March 14, 2011.

Cash used in investing activities was $95.0 million for the year ended December 31, 2011 compared to $45.9 million in 2010 and $61.4 million in 2009. Fixed asset additions totaled $42.5 million for the year ended December 31, 2011, with $17.6 million related to new child care and early education centers and the remainder related to investments in existing child care and early education centers and overhead expenses. Fixed asset additions totaled $39.5 million for the year ended December 31, 2010, with $20.5 million related to new child care and early education centers. Fixed asset additions totaled $43.6 million for 2009, with $31.2 million related to new child care and early education centers. Proceeds from the disposal of fixed assets in the year ended December 31, 2011 totaled $4.9 million, primarily from the sale of a property. Cash paid for acquisitions in the year ended December 31, 2011 totaled $57.3 million for the acquisition of 21 child care and early education centers in the United States, the acquisition of 63% of a child care company in the Netherlands and the acquisition of one child care and early education center in the United Kingdom. Cash paid for acquisitions in the year ended December 31, 2010 totaled $6.4 million for two child care and early education centers, one in the United States and one in the United Kingdom, and a tuition reimbursement program management company in the United States. Cash paid for acquisitions in 2009 totaled $17.8 million for two child care centers in the United States and 32 child care centers in the United Kingdom.

We estimate that we will spend approximately $55.0 million in 2012 on fixed asset additions related to new child care centers, maintenance and refurbishments in our existing centers and overhead investments in technology, equipment and furnishings. As part of our growth strategy, we expect to continue to make selective acquisitions, which may vary in size and which are less predictable in terms of the timing of the capital requirements. In 2012, we completed the Casterbridge acquisition in May and expect that any additional acquisitions in 2012 would not be significant.

Cash Provided by (Used in) Financing Activities

Cash provided by financing activities totaled $77.8 million for the six months ended June 30, 2012 compared to cash used of $22.4 million for the same period in 2011. We amended certain terms of our senior credit agreement governing our senior credit facilities in May 2012 and borrowed $85.0 million in Series C new term loans in connection with the Casterbridge acquisition. We received net funds of $82.3 million after original issue discount of $0.4 million and financing fees of $2.3 million. Repayments of debt totaled $5.0 million for the six months ended June 30, 2012 and $22.4 million for the same period in 2011, including net repayments on our revolving credit facility of $17.5 million. In the six months ended June 30, 2012, we repurchased shares of our common stock for $5.1 million and received proceeds of $2.1 million from the exercise of company stock options. Additionally, we recorded a tax benefit from the exercise of company stock options of $3.5 million for the six months ended June 30, 2012.

Cash used in financing activities totaled $23.3 million for the year ended December 31, 2011 compared to $23.5 million in 2010 and to cash provided by financing activities of $1.4 million in 2009. Repayments of long-term debt totaled $4.9 million for the year ended December 31, 2011, $3.7 million in 2010 and $3.7 million in 2009. We had net repayments on our revolving credit facility of $18.5 million for the year ended December 31, 2011 and of $20.3 million in 2010, compared to net additional borrowings of $6.4 million in 2009. We repurchased shares of our common stock for $0.1 million and $0.4 million in 2010 and 2009, respectively. In 2009, we also purchased an interest rate cap for $1.0 million.

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Debt

Outstanding borrowings were as follows and bore the following rates of interest:

	Balance at December 31, 2010	2011	Balance at June 30, 2012
	(In thousands)		
Term loans(1)	$ 355,875	$ 350,946	$ 430,898
Revolving line of credit(2)	18,504		
Senior subordinated notes(3)	300,000	300,000	300,000
Senior notes(4)	153,153	174,055	185,553
Total	827,532	825,001	916,451
Original issue discount	(13,599)	(10,656)	(9,509)
Total	$ 813,933	$ 814,345	$ 906,942

(1) The interest rate on borrowings under our Tranche B term loan was 7.5%, 7.5% and 4.3% at December 31, 2009, 2010 and 2011, respectively, and was 4.3% on borrowings under our Tranche B term loan and 5.3% on borrowings under our Series C new term loan at June 30, 2012.
(2) The interest rate on the revolving line of credit was 5.5% at December 31, 2010.
(3) The interest rate on the senior subordinated notes is 11.5%.
(4) The interest rate on the senior notes is 13.0%. The balance includes PIK interest that has accrued on the $110.0 million aggregate initial principal amount of the senior notes since 2008.

Senior Credit Facilities

As of June 30, 2012, our senior credit facilities consisted of a $365.0 million Tranche B term loan facility, an $85.0 million Series C new term loan facility and a $75.0 million revolving credit facility. As of June 30, 2012, there was $346.1 million outstanding under our Tranche B term loan facility and we had the ability to borrow $74.9 million under our revolving credit facility, after giving effect to $0.1 million of undrawn letters of credit under this facility. In addition, as of June 30, 2012 all amounts under our Series C new term loan were fully drawn. The senior credit facilities are guaranteed by Bright Horizons Capital Corp., our wholly-owned direct subsidiary, and all of the direct and indirect wholly-owned domestic subsidiaries of Bright Horizons Family Solutions LLC, a wholly-owned direct subsidiary of Bright Horizons Capital Corp., and all obligations under the senior credit facilities, subject to certain exceptions, are secured by substantially all of the assets of Bright Horizons Capital Corp., Bright Horizons Family Solutions LLC and the subsidiary guarantors. Borrowings under the senior credit facilities bear interest payable at least quarterly. Principal amortization repayments are required to be made on the Tranche B term loan borrowings and the Series C new term loans equal to 1% per annum in equal quarterly installments. The Tranche B term loan balance is payable on May 28, 2015. The Series C new term loan balance is payable on May 23, 2017. The principal amount outstanding of the loans under the revolving credit facility becomes due and payable on May 28, 2014.

The senior credit facilities also require us to comply on a quarterly basis with certain financial covenants, including a maximum ratio of debt to Consolidated Adjusted EBITDA, as defined in the senior credit agreement (the leverage ratio), and a minimum ratio of Consolidated Adjusted EBITDA to interest expense (the coverage ratio), each of which becomes more restrictive over time. Beginning June 30, 2012, the terms of our senior credit facilities require that we maintain a leverage ratio of no more than 4.75 to 1.00 and a minimum interest coverage ratio of 2.00 to 1.00. As of June 30, 2012, our leverage ratio was 4.00 to 1.00 and our interest coverage ratio was 3.22 to 1.00, and we were in compliance with our financial covenants under the senior credit agreement. Our leverage and coverage ratios for Bright Horizons Family Solutions LLC include the outstanding principal amount under our

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senior credit facilities and senior subordinated notes and interest payments required under our senior credit facilities and senior subordinated notes but do not include outstanding principal under our senior notes and interest payments required under our senior notes. Consolidated Adjusted EBITDA is a negotiated measure used exclusively by us and by our creditors to determine our compliance with certain covenants contained in our senior credit facilities and, because of the additional adjustments included in the definition of Consolidated Adjusted EBITDA in our senior credit agreement governing our senior credit facilities, Consolidated Adjusted EBITDA is not comparable to adjusted EBITDA as described in this prospectus under note 3 to Prospectus Summary Summary Consolidated Financial and Other Data.

Senior Notes and Senior Subordinated Notes

On May 28, 2008, Bright Horizons Capital Corp., our wholly-owned direct subsidiary, issued $110.0 million in unsecured senior notes, which we refer to as our senior notes, and Bright Horizons Family Solutions LLC, a wholly-owned direct subsidiary of Bright Horizons Capital Corp., issued $300.0 million in unsecured senior subordinated notes, which we refer to as our senior subordinated notes. Our senior notes and senior subordinated notes require interest payments at the annual rate of 13.0% and 11.5%, respectively, due quarterly in arrears. The senior notes contain a PIK feature whereby we may elect, subject to certain restrictions in the indenture and in our senior credit agreement, on each interest payment date on or before May 28, 2013, for interest to be added to principal. As of June 30, 2012, there was $75.6 million in accrued interest that has been added to principal under the senior notes.

We may redeem some or all of the senior notes at fixed redemption prices (plus accrued and unpaid interest thereon to the redemption date) of 106.500% of the principal amount outstanding through May 27, 2013, 104.333% of the principal amount outstanding from May 28, 2013 through May 27, 2014, 102.167% of the principal amount outstanding from May 28, 2014 through May 27, 2015 and at 100% of the principal amount outstanding thereafter. We may redeem some or all of the senior subordinated notes at fixed redemption prices (plus accrued and unpaid interest thereon to the redemption date) of 105.750% of the principal amount outstanding from May 28, 2013 through May 27, 2014, 103.833% of the principal amount outstanding from May 28, 2014 through May 27, 2015, 101.917% of the principal amount outstanding from May 28, 2015 through May 27, 2016 and at 100% of the principal amount outstanding thereafter. Prior to May 28, 2013, we may redeem our senior subordinated notes at a price equal to 100% of the principal amount thereof, plus a make-whole premium, plus accrued and unpaid interest. In the event of a change of control, as defined in the respective indentures governing the senior notes and the senior subordinated notes, or certain asset sales (unless we choose to reinvest the proceeds of such asset sales within a certain time), we will be obligated to repurchase the notes tendered at the option of the holders at a fixed price, plus accrued but unpaid interest.

The senior notes are not guaranteed by any of Bright Horizons Capital Corp. s subsidiaries, and the senior subordinated notes are guaranteed by certain of Bright Horizons Family Solutions LLC s wholly-owned domestic subsidiaries. We and our subsidiaries, affiliates or significant stockholders may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

We expect to use the proceeds from the offering to repay the senior notes and accrued interest thereon.

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International Credit Facility

Our majority-owned subsidiary in the Netherlands, which we acquired in 2011, maintains a revolving credit facility with a Dutch bank consisting of a 1.0 million general facility to support working capital and letter of credit requirements and a 2.5 million current account facility to support the construction and fitting out of new child care centers. The current account facility is secured by a right of offset against all accounts we maintain at the lending bank and by an additional pledge of certain equipment. The current account facility is reduced by 0.25 million quarterly, beginning April 1, 2012 and ending at the termination of the facility on January 1, 2014. At June 30, 2012, there were no amounts outstanding under the facility.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2011. Amounts in the table do not reflect the use of proceeds of this offering as described in Use of Proceeds.

	2012	2013	2014	2015	2016	Thereafter	Total
Long-term debt(2)	$ 4,814(1)	$ 65,262	$ 3,650	$ 341,275	$ 0	$ 410,000	$ 825,001
Interest on long-term debt(2)(3)	73,728	69,162	63,935	54,786	48,800	75,916	386,327
Operating leases	56,682	54,395	50,721	46,742	41,819	168,451	418,810
Total(3)	$ 135,224	$ 188,819	$ 118,306	$ 442,803	$ 90,619	$ 654,367	$ 1,630,138

(1) Amount does not reflect amendment to our senior credit agreement governing our senior credit facilities completed May 23, 2012, under which we borrowed an additional $85.0 million with principal amortizing at a rate of 1% per annum and a five-year term. See Debt Senior Credit Facilities above for more information about this amendment. Principal repayments on this Series C New Term Loan in the amount of $212,500 are payable quarterly with a final principal payment of $81.0 million due May 23, 2017. Interest is payable quarterly and, assuming that the rate of interest in effect as of May 23, 2012, 5.3%, remains in effect through the remaining term, we are obligated to pay approximately $4.5 million per year of interest on this additional Term Loan.

(2) Amount due in 2013 includes the PIK interest added to principal on our senior notes of $64.1 million as of December 31, 2011. As of June 30, 2012, the PIK interest added to principal was $75.6 million.

(3) Assumes that the rate of interest in effect as of December 31, 2011 on borrowings under our Tranche B term loan, 4.3%, remains in effect through the remaining term of the credit facility and that there are no borrowings under the revolving credit facility.

Totals for 2013 through 2016 do not include obligations under call and put option agreements between Bright Horizons B.V., our wholly-owned Dutch subsidiary, and the minority shareholders of Odemon B.V. (Odemon), our majority-owned indirect subsidiary. We entered into these agreements in connection with our acquisition of a majority interest in 20 centers in the Netherlands on July 20, 2011. Under these agreements, from January 1, 2013 until January 1, 2016, either of the minority shareholders have the right, under limited contractual circumstances associated with their ongoing employment at the company, to put their shares to Bright Horizons B.V. at a price per share based on 8.5x Odemon s trailing twelve-month earnings before interest and taxes. Bright Horizons B.V. also has the right, under certain contractual circumstances, to call the shares of either shareholder on the same terms during the period from July 20, 2013 to January 1, 2016. Thereafter, from January 1, 2016 through January 1, 2020, Bright Horizons B.V. has the right to call the shares of either shareholder, and either shareholder has the right to put their shares to Bright Horizons B.V. Bright Horizons Family Solutions LLC has guaranteed the obligations of Bright Horizons B.V. under these agreements. For additional information on this redeemable non-controlling interest, see notes 2 and 10 to our consolidated financial statements appearing elsewhere in this prospectus.

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Letters of Credit

There are 17 letters of credit outstanding used to guarantee certain rent payments for up to $0.7 million. No amounts have been drawn against these letters of credit.

Employment and Severance Agreements

We have severance agreements with nine executives and employees that provide from four to 18 months of compensation upon a qualifying termination of employment. We estimate that the maximum amount potentially payable under these agreements in the absence of a change of control event in 2012 is approximately $3.6 million. The severance agreements prohibit the above-mentioned employees from competing with us during the severance period or divulging confidential information after their termination of employment.

Inflation

Historically, inflation has not had a material effect on our results of operations. Severe increases in inflation, however, could affect the global and U.S. economies and could have an adverse impact on our business, financial condition and results of operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk

Our financial instruments consist primarily of cash and cash equivalents, accounts receivables, accounts payable and short- and long-term debt. The fair value of our financial instruments, with the exception of long-term debt, approximates the carrying value due to their short-term nature.

The fair value of our long-term debt was based on quoted market prices, which were available only for the term loans under our senior credit facilities. When quoted market prices were not available, the fair value of long-term debt was based on quoted market prices of comparable instruments adjusted for differences between the quoted instruments and the instruments being valued, or was estimated using discounted cash flow analyses, based on current incremental borrowing rates for similar types of borrowing arrangements. We base our determination of fair value on quoted market prices for the Tranche B and Series C term loans and on current incremental borrowing rates for similar debt for the senior notes and senior subordinated notes. For additional information, see note 1 to our consolidated financial statements appearing elsewhere in this prospectus.

Our primary market risk exposures relate to foreign currency exchange rate risk and interest rate risk.

Foreign Currency Risk

Our exposure to fluctuations in foreign currency exchange rates is primarily the result of foreign subsidiaries domiciled in the United Kingdom, Ireland, the Netherlands, India and Canada. We have not used financial derivative instruments to hedge foreign currency exchange rate risks associated with our foreign subsidiaries.

The assets and liabilities of our U.K., Irish, Dutch, Indian and Canadian subsidiaries, whose functional currencies are the British pound, Euro, Indian rupee and Canadian dollar, respectively, are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effects for subsidiaries using a functional currency other than the U.S. dollar are included in accumulated other comprehensive loss as a separate component of stockholders equity. We estimate that had the exchange rate in each country unfavorably changed by 10% relative to the U.S. dollar, our consolidated earnings before taxes would have decreased by approximately $400,000 for 2011 and would have decreased by approximately $500,000 for the six months ended June 30, 2012.

Interest Rate Risk

Interest rate exposure relates primarily to the effect of interest rate changes on borrowings outstanding under our revolving line of credit and term loans. No amounts were outstanding at December 31, 2011 under our revolving credit facility, and we had borrowings of $350.9 million outstanding at December 31, 2011 under our Tranche B term loan facility. Borrowings under the revolving credit facility and Tranche B term loan facility in 2011 were subject to a weighted average interest rate of 5.5% and 5.6%, respectively. Based on the outstanding borrowings under the senior credit facilities during 2011, we estimate that had the average interest rate on our borrowings increased by 100 basis points in 2011 and in the six months ended June 30, 2012, our interest expense for the year would have increased by approximately $2.1 million in 2011 and would have increased by approximately $1.7 million in the six months ended June 30, 2012. This estimate assumes the interest rate of each borrowing is raised by 100 basis points, the impact of which in 2011 would have been ameliorated by the LIBOR floor that was in effect from January 1, 2011 to May 28, 2011. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of our borrowings at that time.

Jumpstart Our Business Startups Act of 2012

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to opt out of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

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BUSINESS

Our Company

We are a leading provider of high-quality child care and early education services as well as other services designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of June 30, 2012, we had more than 850 client relationships with employers across a diverse array of industries, including more than 130 Fortune 500 companies and more than 75 of *Working Mother* magazine s 2012 100 Best Companies for Working Mothers.

The provision of center-based full service child care and early education represented approximately 87% of our revenue in the year ended December 31, 2011. The balance of our revenue was from a broader suite of employer-sponsored service offerings, including back-up dependent care and educational advisory services, which we developed more recently to enhance our work/life service offerings, broaden our market opportunities and expand the scope of our client relationships. In certain locations, our child care centers are marketed directly to families in surrounding communities and serve employees of nearby clients.

We believe we are a provider of choice for both employers and working families for each of the solutions we offer. As of June 30, 2012, we operated a total of 773 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 87,400 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of greater than 95% among respondents in our employer and parent satisfaction surveys over each of the past five years and an annual client retention rate of 97% for employer-sponsored centers over each of the past ten years. We believe that the close integration between our offerings and our customer interests, our geographic reach, our innovative and customizable approach, our strong customer focus and our high-quality curriculum have all contributed to this success.

The strength of our reputation is reflected in our 25-year track record of providing high-quality services and our history of strong financial performance. From 2001 through 2011, we have achieved year-over-year revenue and adjusted EBITDA growth at a compound annual growth rate of 11% for revenue and 17% for adjusted EBITDA. We also achieved year-over-year net income growth at a compound annual growth rate of 23% from 2001 to 2007. In 2008 through 2010, we incurred net losses due primarily to the additional debt service obligations and amortization expense incurred in connection with our going private transaction. In 2011, our net income grew $14.8 million over the prior year to $4.8 million. Our strong revenue growth has been driven by additions to our center base through organic center growth and acquisitions, expansions of our service offerings to back-up dependent care and educational advisory services and consistent year-over-year tuition increases. We have also been able to increase our adjusted EBITDA margin in each year from 2001 through 2011. For the year ended December 31, 2011 and the six months ended June 30, 2012, we generated revenue of $973.7 million and $529.6 million, net income of $4.8 million and $1.7 million, adjusted EBITDA of $148.5 million and $89.1 million, and adjusted net income of $23.4 million and $19.8 million, respectively. Additional information regarding adjusted EBITDA and adjusted net income, including a reconciliation of adjusted EBITDA and adjusted net income to net income, is included in Prospectus Summary Summary Consolidated Financial and Other Data.

For the year ended December 31, 2011, no single client represented more than 3% of our revenue. Our clients include: Alston & Bird in the professional services and other sectors; British

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Petroleum and Chevron in the energy sector; JFK Medical Center, Memorial Sloan-Kettering Cancer Center, Amgen, Bristol-Myers Squibb, Johnson & Johnson and Pfizer in the healthcare and pharmaceuticals sectors; The Home Depot, Staples, Starbucks, Newell Rubbermaid and Timberland in the consumer sector; Cisco Systems and EMC in the technology sector; Bank of America, Barclays, Citigroup, JPMorgan Chase and Royal Bank of Scotland in the financial services sector; and Boeing and Toyota Motor Manufacturing in the industrials and manufacturing sectors. We also provide our services to government and education sector institutions such as Duke University, the Federal Deposit Insurance Corporation, The Environmental Protection Agency, The Johns Hopkins University and The George Washington University.

We provide our center-based child care services under two general business models: a profit and loss (P&L) model, where we assume the financial risk of operating a child care center; and a cost-plus model, where we are paid a fee by an employer client for managing a child care center on a cost-plus basis. Our P&L model is further classified into two subcategories: (i) a sponsor model, where we provide child care and early education services on either an exclusive or priority enrollment basis for the employees of a specific employer sponsor; and (ii) a lease/consortium model, where we provide child care and early education services to the employees of multiple employers located within a specific real estate development (for example, an office building or office park), as well as to families in the surrounding community. In both our cost-plus and sponsor P&L models, the development of a new child care center, as well as ongoing maintenance and repair, is typically funded by an employer sponsor with whom we enter into a multi-year contractual relationship. In addition, employer sponsors typically provide subsidies for the ongoing provision of child care services for their employees. Our child care centers are largely located in targeted clusters where we believe demand is generally higher and where income demographics are attractive. We also provide back-up dependent care services through our own centers and through our Back-Up Care Advantage (BUCA) program, which offers access to a contracted network of in-home care agencies and approximately 2,500 center-based providers in locations where we do not otherwise have centers with available capacity.

Industry Overview

We compete in the global market for child care and early education services as well as the market for work/life services offered by employers as benefits to employees. Families in the United States spent approximately $43 billion on licensed group child care in 2007 according to a report published by the Pew Center on the States. The child care industry can generally be subdivided into center-based and home-based child care. We operate in the center-based market, which is highly fragmented, with over 90% of providers operating fewer than 10 centers, and the top 10 providers comprising less than 10% of the market, according to the Child Care Information Exchange s *2012 Employee Child Care Trend Report*.

Center-Based Child Care Services

The center-based child care market includes both retail and employer-sponsored centers and can be further divided into full-service centers and back-up centers. We have been a pioneer in the field of employer-sponsored child care, where we were one of the first providers to market a shared economic model directly to employers who offer child care as an employee benefit. While home-based businesses remain the majority of the overall child care market in the United States, the share of center-based child care providers has increased over time, reflecting what we believe is an increasing demand for high-quality, structured and professional child care and early education solutions. According to state licensing statistics, there are approximately 100,000 licensed child care centers in the United States, including retail and employer-sponsored centers.

The significant majority of our competitors market exclusively to families who are retail users of their centers. This employer-sponsored model, which has been central to our business since we were founded in 1986, is characterized by a single employer or consortium of employers entering into a long-term contract for the provision of child care at a center located at or near the sponsor s worksite. The sponsor generally funds the development as well as ongoing maintenance and repair of a child care center at or near its worksite and subsidizes the provision of child care services to make them more affordable for its employees.

Back-Up Dependent Care and Educational Advisory Services

Additionally, we compete in the growing markets for back-up dependent care and educational advisory services. The market for additional services that are designed to help employers and families better integrate the challenges of work and life, including back-up dependent care and educational advisory services, is newer and continues to evolve. We believe we are the largest and one of the only multi-national providers of back-up dependent care services and that there are significant growth opportunities available to providers of these services, particularly when a provider can leverage existing client relationships and deliver services to a larger portion of a workforce across multiple locations.

The field of back-up dependent care is less well-developed than that of full-service care. According to the Families and Work Institute s *2012 National Study of Employers*, only 7% of companies with over 1,000 employees surveyed offer back-up or emergency child care, versus 18% of companies with over 1,000 employees which offer full service child care at or near the worksite. A national survey of working adults commissioned by Workplace Options in 2007 found 56% of employees or their spouses missed three to ten days of work in the preceding 12 months due to the lack of adequate back-up child or elder care options. A survey conducted by Public Policy Polling asked respondents how valuable back-up child care would be, and 93% of respondents said clearly valuable or extremely valuable.

We also offer educational advisory services for employers and their employees, including educational and college counseling through College Coach and the management of employer tuition reimbursement programs through EdAssist. We believe that we are the first provider to have developed these service models within the employer market and are the only participant in the market with this combination of employer-sponsored service offerings.

Industry Trends

We believe that the following key factors contribute to growth in the markets for employer-sponsored child care and for back-up dependent care and educational advisory services:

Increasing Participation by Women and Two Working Parent Families in the Workforce. A significant percentage of mothers currently participate in the workforce. In 2007, for example, 64% of mothers with children under the age of six participated in the workforce in the United States, according to the Bureau of Labor Statistics. We expect that the number of working mothers and two working parent families will increase over time, resulting in an increase in the need for child care and other work/life services. By 2016, for example, women are expected to earn 60% of all bachelor degrees and 54% of all doctorate and professional degrees in the United States, according to a 2011 report by the Families and Work Institute.

Greater Demand for High-Quality Center-Based Child Care and Early Education. We believe that recognition of the importance of early education and consistent quality child care has led to increased demand for higher-quality center-based care. In 1965, 8% of children under the age of five with working mothers were enrolled in center-based child care, compared to approximately 24% of such children by 2005, according to data gathered by the U.S. Census Bureau. With the shift towards center-based care, there is an increased focus on the establishment of objective, standards-based

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methods of defining and measuring the quality of child care, such as accreditation. In a highly fragmented market comprised largely of center operators lacking scale, we believe this trend will favor larger industry participants with the size and capital resources to achieve quality standards on a consistent basis.

Recognized Return on Investment to Employers. Based on studies we have conducted through our Horizons Workforce Consulting practice, we believe that employer sponsors of center-based child care and back-up dependent care services realize strong returns on their investments from reduced turnover and increased productivity. For example, we estimate that users of our back-up dependent care services have been able to work, on average, 12 days annually that they otherwise would have missed due to breakdowns in child care arrangements. Additionally, according to a 2012 survey of our clients, 94% of respondents reported that access to dependable back-up dependent care helps them to focus on work and be more productive. We believe that this return on investment for employers will result in additional growth in employer-sponsored back-up dependent care services.

Growing Global Demand for Child Care and Early Education Services. We expect that a long-term shift to service-based economies and an increasing emphasis on education by government and families will contribute to further growth in the global child care and early education market as well as the developing markets for back-up dependent care and educational advisory services. In addition, in certain countries in which we operate, public policy decisions have facilitated increased demand for child care and early education services. In 2006, the United Kingdom instituted a ten-year plan to make child care more accessible and more affordable for all parents. In the Netherlands, a 2005 child care law increased the demand for child care and early education services by making child care more affordable for working families and thereby encouraging women to return to the workforce.

Our History

For over 25 years, we have operated child care and early education centers for employers and working families. In 1998, we transformed our business through the merger of Bright Horizons, Inc. and CorporateFamily Solutions, Inc., both then Nasdaq-listed companies that were founded in 1986 and 1987, respectively. We were listed on Nasdaq from 1998 to May 2008, when we were acquired by investment funds affiliated with Bain Capital Partners, LLC, which we refer to as our going private transaction. Since then, we have continued to grow through challenging economic times while investing in our future. We have grown our international footprint to become a leader in the center-based child care market in the United Kingdom and have expanded into the Netherlands and India as a platform for further international expansion. In the United States, we have enhanced and grown our back-up dependent care services while adding EdAssist as a new educational advisory service for existing employer clients. We have also expanded our sales force with a specific focus on cross-selling opportunities to our employer clients. We have invested in new technologies to better support our full suite of services and expanded our marketing efforts with additional focus on maximizing occupancy levels in centers where we can improve our economics with increased enrollment.

Our Competitive Strengths

We believe we have the following competitive strengths:

Market Leading Service Provider

We believe we are the leader in the markets for employer-sponsored center-based child care and back-up dependent care, and that the breadth, depth and quality of our service offerings developed over a successful 25-year history represent significant competitive advantages.

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We have approximately five times more employer-sponsored centers in the United States than our closest competitor, according to Child Care Information Exchange s *2010 Employer Child Care Trend Report*. We believe the broad geographic reach of our child care centers, with targeted clusters in areas where we believe demand is generally higher and where income demographics are attractive, provides us with an effective platform to market our services to current and new clients. We also believe our pioneering efforts to develop back-up dependent care solutions and educational advisory services for employers to offer as employee benefits have helped to strengthen our position as the provider of choice for employers and working families. We believe we are the only provider who is currently able to offer this broad spectrum of diversified service offerings to employer clients.

Collaborative, Long-term Relationships with Diverse Customer Base

We have more than 850 client relationships with employers across a diverse array of industries, including more than 130 of the Fortune 500 companies, with our largest client contributing less than 3% of our revenue in fiscal 2011 and our largest 10 clients representing less than 13% of our revenue in that year. Our business model places an emphasis on multi-year employer sponsorship contracts where our clients typically fund the development of new child care centers at or near to their worksites and frequently support the ongoing operations of these centers.

Our multiple touch points with both employers and employees give us unique insight into the corporate culture of our clients. This enables us to identify and provide innovative and tailored solutions to address our clients specific work/life needs. In addition to full service center-based care, we provide access to a multi-national back-up dependent care network and educational advisory support, allowing us to offer various combinations of services to best meet the needs of specific clients or specific locations for a single client. Our tailored, collaborative approach to employer-sponsored child care has resulted in an annual client retention rate for employer-sponsored centers of approximately 97% over each of the past ten years.

Commitment to Quality

Our business is anchored in the consistent provision of high-quality service offerings to employers and families. We have therefore designed our child care centers to meet or exceed applicable accreditation and rating standards in all of our key markets, including in the United States through the National Academy of Early Childhood Programs, a division of the National Association for the Education of Young Children (NAEYC), and in the United Kingdom through the ratings of the Office of Standards in Education. We believe that our voluntary commitment to achieving accreditation standards offers a competitive advantage in securing employer sponsorship opportunities and in attracting and retaining families, because an increasing number of potential and existing employer clients require adherence to accreditation criteria. All of our centers are operated at the quality standard to achieve NAEYC accreditation, which can take two to three years to complete, and we have achieved NAEYC accreditation for more than 70% of our eligible centers. In the United States, NAEYC accreditation is optional and has been achieved by fewer than 10% of child care centers.

The World at Their Fingertips is our developmentally appropriate, proprietary curriculum that is based on well-established international early childhood development research and theory including the work of Jean Piaget, Erik Erikson, Maria Montessori, Howard Gardner and Jim Greenman. Our teachers document learning and assess each child s progress through our online documentation and assessment system. This forms the basis for ongoing parent and teacher collaboration and communication. We maintain our curriculum at the forefront of early education practices by introducing elements that respond to the changing expectations and views of society and new information and theories about the ways in which children learn and grow.

We also believe that strong adult-to-child ratios are a critical factor in delivering our curriculum effectively as well as helping to facilitate more focused care. Our programs, which are designed to meet NAEYC standards for accreditation, will often provide adult-to-child ratios that are more stringent than many state licensing standards.

Market Leading People Practices

Our ability to deliver consistently high-quality care, education and other services is directly related to our ability to attract, retain and motivate our highly skilled workforce. We believe that we have earned a reputation as an employer of choice, and we have consistently been named as a top employer by third-party sources in the United States, the United Kingdom and the Netherlands, including being named as one of the 100 Best Places to Work in America by *Fortune Magazine* 13 times.

We believe the education and experience of our center leaders and teachers exceed the industry average. In addition to recurring in-center training and partial tuition reimbursement for continuing education, we have developed a training program that establishes standards for our teachers as well as an in-house online training academy (Bright Horizons University), which allows our employees to earn nationally-recognized child development credentials. Because we consider ongoing training essential to maintaining high-quality service, our facilities have specific budgets that provide for in-center training, attendance at selected outside conferences and seminars and partial tuition reimbursement for continuing education, in addition to the extensive training that our teachers receive in their first year with Bright Horizons.

Capital Efficient Operating Model Provides Platform for Growth, with Attractive Economics

We have achieved uninterrupted year-over-year revenue, adjusted EBITDA and adjusted EBITDA margin growth for each of the last ten years despite broader macro-economic fluctuations. We have accomplished this growth through a combination of key factors, including: annual tuition increases and escalators in management fees which are designed to keep pace with annual cost increases, the addition of both organic and acquired new centers and modest gains in enrollment within existing centers, the addition and growth of new services such as back-up dependent care and educational advisory services, managing our cost structure in line with enrollment within centers and modest leveraging of our overhead structure as we expand on our revenue base.

With employer sponsors funding the majority of the capital required for new centers developed on their behalf, we have been able to grow our business with limited capital investment, which has contributed to strong cash flows from operations.

We also proactively manage our portfolio of centers to identify and close P&L model centers that we view as underperforming, which enables us to sustain our operating margins and effectively reinvest our capital.

Proven Acquisition Track Record

We have an established acquisition team to pursue potential targets using a proven framework to effectively evaluate potential transactions with the goal of maximizing our return on investment while minimizing risk. Since 2006, we have completed acquisitions of 123 child care centers in the United States, the United Kingdom and the Netherlands, as well as a provider of back-up dependent care services in the United States, representing in aggregate approximately $160 million in annualized revenue. These acquisitions have enabled us to efficiently expand into targeted new markets and increase our presence within existing geographic clusters. Our experience has indicated that many of the smaller regional chains and individual operators seek liquidity and/or lack the professional management and financial resources that are often necessary for continued growth. Our acquisition

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strategy is also focused on enhancing and diversifying our platform of service offerings, as demonstrated through our 2006 acquisition of College Coach, through which we provide college preparation and admissions counseling.

Experienced Management Team

Our management team has an established track record of operational excellence and has an average tenure of 16 years at Bright Horizons. We have successfully operated Bright Horizons both as a publicly traded company and, since 2008, as a private company. Since then, our management team has navigated challenging macroeconomic conditions and continued to innovate, including rolling out a new technology platform across all of our centers, developing and launching new services including EdAssist, expanding our international presence and actively growing our business both organically and through acquisitions. This team has a proven track record of performance, having increased revenue from $345.9 million in 2001 to $973.7 million in 2011, and increased adjusted EBITDA from $29.8 million in 2001 to $148.5 million in 2011, representing 670 basis points of adjusted EBITDA margin expansion. During this same period, our net income grew from $11.5 million in 2001 to $39.1 million in 2007 and then declined to $(6.6 million) in 2008 and to $(10.0 million) in 2010. In 2011, our net income increased $14.8 million over the prior year to $4.8 million. Our net income since 2008 reflects the incremental contributions from growth in the business, offset by the additional debt service obligations and amortization expense incurred in connection with our May 2008 going private transaction.

Our Growth Strategy

We believe that there are significant opportunities to continue to grow our business globally and expand our leadership position by continuing to execute on the following strategies:

Grow Our Client Relationships

Secure Relationships with New Employer Clients. Our addressable market includes approximately 15,000 employers, each with at least 1,000 employees, within the industries that we currently service in the United States and the United Kingdom. This presents us with a significant opportunity to engage new employer sponsors for the development of new centers, back-up dependent care services, College Coach and EdAssist. Our dedicated sales force focuses on establishing new client relationships and is supported by our Horizons Workforce Consulting practice, which helps potential clients to identify the precise work/life offerings that will best meet their strategic goals. We believe that our extensive service offerings, the breadth of our existing presence across the United States and our expanding European platform, as well as our track record of serving major employer sponsors for over 25 years, position us to take advantage of new client opportunities.

Expand Relationships with Existing Employer Clients Through Additional Centers and Cross-Selling. As of June 30, 2012, we operated approximately 200 centers for 50 clients with multiple facilities, and we believe there is a significant opportunity to add additional employer-sponsored centers for both these and other existing clients. In addition, only approximately 15% of our current clients currently utilize more than one of our four principal service offerings. We believe that employers who have already placed trust in us through sponsorship of one of our services are more likely to add others, which should allow us to increase the number of our employer clients that contract with us to provide multiple services to their employees. In the near term, we expect that this cross-sales growth opportunity will be led by the continued expansion of our BUCA program. Revenues from this highly scalable program have grown at a compound annual growth rate of 20.0% since 2007 and BUCA users have reported a 99% satisfaction rate, resulting in improved business continuity, enhanced productivity and reduced absenteeism for our employer clients.

Continue to Expand Through the Assumption of Management of Existing Sponsored Child Care Centers. We occasionally assume the management of existing centers from the incumbent

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management team, which enables us to develop new client relationships, typically with no capital investment and no purchase price payment. We also evaluate existing centers for expansion or relocation in markets in which our operations have been successful, in order to accommodate demand and enhance our market presence.

Sustain Annual Price Increases to Enable Continued Investments in Quality

We look for opportunities to invest in quality as a way to enhance our reputation with our clients and their employees. By developing a strong reputation for high-quality services and facilities, we are able to support consistent price increases that keep pace with our cost increases. Over our history, these price increases have contributed to our revenue growth and have enabled us to drive margin expansion.

Increase Utilization at Existing Centers

We believe that our mature P&L centers (which we define as centers that have been open for more than three years) are currently operating at utilization levels below our target run rate, in part due to a general deterioration in economic condition from 2008 to 2010. Utilization rates at our mature P&L centers stabilized in 2010 and have grown in 2011 and the first six months of 2012. We expect to further close the gap between current utilization rates and our target run rate over the next few years.

Selectively Add New Lease/Consortium Centers

We have typically added between six and twelve new lease/consortium centers annually for the past five years, focusing on urban or city surrounding markets where demand is generally higher and where income demographics are generally more supportive of a new center. We also seek to identify locations that we believe have the potential to attract employer sponsorship in the future. We believe there are at least 100 locations across the United States, the United Kingdom and the Netherlands that would be suitable for a new lease/consortium center within the next five years. We expect to open new lease/consortium centers at an annual rate consistent with our current lease/consortium growth rate over at least the next five years.

Continue to Expand Through Selective Acquisitions

We have a long track record of successfully completing and integrating selective acquisitions, as we have sought to expand quickly within targeted geographies in our existing markets and efficiently enter into new markets. Our acquisition strategy is also focused on enhancing and diversifying our platform of service offerings, as demonstrated through our 2006 acquisition of College Coach. The domestic and international markets for child care and other family support services remain highly fragmented and, we believe, primed for consolidation. We will therefore continue to seek attractive opportunities both for center acquisitions and the acquisition of complementary service offerings.

Our Business Models

Our business is based primarily on multi-year contractual arrangements with employer clients for the provision of full-service center-based child care and early education, back-up dependent care and educational advisory services. These contractual arrangements provide us with significant visibility into our anticipated revenue stream. Employer sponsorship for new centers through capital and ongoing program investment has allowed us to develop a business model that produces customized, high-quality programs in a capital efficient manner. We believe that this, in turn, helps to enhance long-term relationships with our clients and supports our strong employer client retention rate. These key elements are present in each of the business models that we use to provide our suite of services, described below.

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Full-Service Center-Based Care

We provide our full-service center-based child care and early education services under two general business models: (i) a P&L model, where we assume the financial risk of operating an employer-sponsored or lease/consortium facility; and (ii) a cost-plus model, where we are paid a fee for managing an employer-sponsored facility on a cost-plus basis. Under both models, we typically retain responsibility for all aspects of center operation, including the hiring and remuneration of employees, contracting with vendors, purchasing supplies and billing and collecting tuition. We work with clients to select the appropriate model and contractual arrangement for each center on a case-by-case basis based on the needs of the particular client and our own expectations regarding size, anticipated term and specific service offering, among other factors. However, we expect that the mix of business models for our centers will remain broadly consistent over time.

Profit and Loss Model. Child care and early education centers operating under the P&L model represented approximately 70% of our total centers as of June 30, 2012. We retain financial risk with respect to the profitability of these centers and are therefore subject to variability in financial performance if enrollment levels fluctuate. Typically, however, we expect to achieve a higher margin on our P&L model centers as compared to our cost-plus model centers to reflect the additional financial risk. Our P&L model is further classified into two subcategories: (i) a sponsor model, where we provide child care and early education services on either an exclusive or priority enrollment basis for employees of a specific employer sponsor; and (ii) a lease/consortium model, where we provide child care and early education services to the employees of multiple employers located within a specific real estate development (e.g., an office building or office park), as well as to families in surrounding communities.

Sponsor Model. Sponsor model centers typically are characterized by a relationship with a single employer that contracts with us to provide child care and early education for the children of employees at a facility located at or near the sponsor s offices. The employer sponsor generally provides facilities or construction funding, funds the center s pre-opening expenses and other start-up costs (such as capital equipment and supplies) and often provides funding for ongoing operating costs, including maintenance and repairs. In some cases, the sponsor may also provide tuition-related subsidies, which can take the form of a fixed financial subsidy paid directly to us, tuition assistance for its employees or minimum enrollment guarantees to us. Our operating contracts for sponsor model centers have initial terms that typically range from three to ten years.

Lease/Consortium Model. Lease/consortium model centers are typically located in areas where both our own experience and regional demographics indicate that demand for our services exists, but where we may not have not yet identified specific employer sponsorship opportunities such as office buildings, office parks and heavily trafficked commuter routes. While lease/consortium model centers are typically open to general enrollment, we may also receive a more limited form of sponsorship from local employers who purchase full-service child care or back-up dependent care benefits for their employees. We typically negotiate initial lease terms of 10 to 15 years, often with renewal options, for lease/consortium model centers.

Cost-Plus Model. Cost-plus model centers represented approximately 30% of our total center count as of June 30, 2012. As with sponsor model centers, an employer sponsor typically provides the facility (or funds construction costs), funds the pre-opening and start-up costs, and provides funding for ongoing facility maintenance and repair. Once the center has been established, we receive a management fee from the employer sponsor and an operating subsidy based upon an agreed budget to supplement tuition fees that we receive from parents.

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The cost-plus model also provides the employer sponsor with a greater degree of control over operations, with enrollment typically restricted to children of its employees. Our cost-plus model center contracts have initial terms that generally range from three to five years.

Back-Up Dependent Care

Early in our history, we were a pioneer in center-based back-up dependent care in major urban markets. While we remain the leading provider of dedicated back-up dependent care centers, we created our BUCA program in 2006 to provide families with access to a national network of child care and adult/elder care options when their normal care arrangements are unavailable. BUCA is accessible only to families whose employers offer the back-up dependent care service as an employment benefit. The scope of care available includes back-up dependent care in our child care centers and a contracted network of over 2,500 high-quality child care centers (with whom we often have exclusive back-up dependent care arrangements) in locations where we do not otherwise have centers with available capacity. We also provide back-up dependent care for children and elders/adults in employees homes or other locations, which is provided by a contracted network of independent care providers who meet our contractual standards. Care can be arranged by employees 24 hours a day through our contact center or online, allowing employees to reserve care in advance or at the last minute. Our employer clients typically purchase back-up dependent care services for their employees through either: (i) sponsorship of an on-site dedicated back-up center (generally based on the cost-plus model); (ii) the purchase of specific center memberships or levels of uses in one or more of our lease/consortium centers located near the employer s worksite; or (iii) the purchase of uses across the entire network of BUCA service options, allowing their employees to access care wherever they may live or work.

Educational Advisory Services

Through our educational advisory services, we provide employees of our employer clients with support at every stage of the educational spectrum, both for their children and for themselves as adult learners. Our services help consumers of educational benefits to better manage the complexities of using these services and also enable our employer clients to manage their tuition reimbursement budgets more efficiently. We deliver these services under two brands:

College Coach. Since our acquisition of College Coach in 2006, we have offered services both to employees of our employer clients and directly to families on a retail basis. Our College Coach services include educational advice for middle school, high school and special needs students, college planning, college financial aid counseling, as well as college selection and college admissions counseling. We offer these services in a one-on-one format, as well as through worksite or online workshops. According to a survey we conducted in 2011, among employees with access to College Coach services, 70% reported significant work time savings, 88% reported reduced stress and 72% reported increased job satisfaction. Our contracts with employer clients for College Coach services typically have initial terms of one to three years. We also provide college preparation and admissions counseling on a retail basis at a dozen locations nationwide and online.

EdAssist. In 2007, employers spent an estimated $17.0 billion on educational assistance benefits designed to help their employees achieve their educational goals or complete continuing education requirements mandated by professional associations or licenses. Developed in 2010, our EdAssist services allow our employer clients to more efficiently manage their tuition reimbursement programs through services such as tuition assistance administration, robust data analytics and individualized counseling to employees. We also provide employers and employees with access to a national network of higher education institutions with whom we have procured preferred relationship status, enabling us to offer financial and other benefits to them. Through EdAssist, our employer clients realized average savings of approximately 21.2% on their tuition assistance spending in the first six months of 2012. Typically, our clients contract for our EdAssist services on a fee and incentive basis, with initial terms generally ranging from one to three years.

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Our Operations

Our primary reporting and operating segments are full-service center-based child care services and back-up dependent care services. Full-service center-based child care includes traditional center-based child care, pre-school and elementary education. Back-up dependent care includes center-based back-up child care, in-home care, mildly ill child care and adult/elder care. Our remaining operations, including our educational advisory services, are included in our remaining segment.

The following table sets forth our segment information as of the dates and for the periods indicated.

	Full Service Center-Based Care Services	Back-up Dependent Care Services	Other Educational Advisory Services	Total
	(In thousands, except percentages)			
Year ended December 31, 2011				
Revenue	$ 844,595	$ 114,502	$ 14,604	$ 973,701
As a percentage of total revenue	*87%*	*12%*	*1%*	*100%*
Income from operations	$ 58,950	$ 28,669	$ (783)	$ 86,836
As a percentage of total income from operations	*68%*	*33%*	*-1%*	*100%*
Year ended December 31, 2010				
Revenue	$ 769,235	$ 99,086	$ 9,838	$ 878,159
As a percentage of total revenue	*88%*	*11%*	*1%*	*100%*
Income from operations	$ 46,770	$ 21,141	$ 752	$ 68,663
As a percentage of total income from operations	*68%*	*31%*	*1%*	*100%*

Full-Service Child Care

Our full-service center operations are organized into geographic divisions led by a Division Vice President of Center Operations who, in turn, reports to a Senior Vice President of Center Operations. Each division is further divided into regions, each supervised by a Regional Manager who oversees the operational performance of approximately six to eight centers and is responsible for supervising the program quality, financial performance and client relationships. A typical center is managed by a small administrative team under the leadership of a Center Director. A Center Director has day-to-day operating responsibility for the center, including training, management of staff, licensing compliance, implementation of curricula, conducting child assessments and enrollment. Our corporate offices provide centralized administrative support for accounting, finance, information systems, legal, payroll, risk management, marketing and human resources functions. We follow this underlying operational structure for center operations in each country in which we operate.

Center hours of operation are designed to match the schedules of sponsors and working families. Most of our centers are open 10 to 12 hours a day with typical hours of operation from 7:00 a.m. to 6:00 p.m., Monday through Friday. We offer a variety of enrollment options, ranging from full-time to part-time scheduling.

Tuition paid by families varies depending on the age of the child, the available adult-to-child ratio, the geographic location and the extent to which an employer sponsor subsidizes tuition. Based on a sample of 250 of our child care and early education centers, the average tuition rate at our centers in the United States is $1,670 per month for infants (typically ages three to sixteen months), $1,470 per month for toddlers (typically ages sixteen months to three years) and $1,165 per month for preschoolers (typically ages three to five years). Tuition at most of our child care and early education centers is payable in advance and is due either monthly or weekly. In many cases, families can pay tuition through payroll deductions or through Automated Clearing House withdrawals.

Cost of services consists of direct expenses associated with the operation of child care and early education centers and direct expenses to provide back-up dependent care services and educational advisory services. Direct expenses consist primarily of payroll and benefits for personnel, food costs, program supplies and materials, parent marketing and facilities costs, which include depreciation. Personnel costs are the largest component of a center s operating costs and comprise approximately 75% of a center s operating expenses. In a P&L model center, we are often responsible for additional costs that are typically paid or provided directly by a client in centers operating under the cost-plus model, such as facilities costs. As a result, personnel costs in centers operating under P&L models will often represent a smaller percentage of overall costs when compared to centers operating under cost-plus models.

Selling, general and administrative expenses (SGA) consist primarily of salaries, payroll taxes and benefits (including stock-based compensation costs) for non-center personnel, which includes corporate, regional and business development personnel, accounting and legal, information technology, occupancy costs for corporate and regional personnel, management/advisory fees and other general corporate expenses.

Back-Up Dependent Care

Our back-up dependent care division is led by a Senior Vice President of Operations with Divisional Vice Presidents leading back-up center operations and the BUCA program. The dedicated back-up centers that we operate are organized in a similar structure to full-service centers, with regional managers overseeing approximately six to eight centers each and with center-based administrative teams that mirror the administrative teams in full-service centers. The dedicated back-up centers are either exclusive to a single employer or are consortium centers that have multiple employer sponsors, as well as uses from the BUCA program. Care is arranged through a 24 hours-a-day contact center or online, allowing employees to reserve care in advance or at the last minute. We operate our own contact center in Broomfield, Colorado, which is overseen by the Division Vice President responsible for BUCA, and contract with an additional contact center located in Durham, North Carolina to complement our ability to handle demand fluctuations and to provide seamless service 24 hours a day.

Back-up dependent care revenue is comprised of fees or subsidies paid by employer sponsors, as well as co-payments collected from users at the point of service. Cost of services consist of fees paid to providers for care delivered as part of their contractual relationships with us, personnel and related direct service costs of the contact centers and any other expenses related to the coordination or delivery of care and service. For Bright Horizons back-up centers, cost of service also includes all direct expenses associated with the operation of the centers. SGA related to back-up dependent care is similar to SGA for full-service care, with additional expenses related to the intense information technology necessary to operate this service, the ongoing development and maintenance of the provider network and additional personnel needed as a result of more significant client management and reporting requirements.

Educational Advisory Services

Our educational advisory services consist of our College Coach services and our EdAssist services.

College Coach. Our College Coach services are provided by College Coach s educators, all of whom have experience working at senior levels in admissions or financial aid at colleges and universities. We work with employer clients who offer these services as a benefit to their employees, and we also provide these services directly to families on a retail basis. We have 12 College Coach

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offices in the United States, located primarily in metropolitan areas, where we believe the demand for these services is greatest. College Coach derives revenue mainly from employer clients who contract with us for an agreed upon number of workshops, access to our proprietary virtual learning center and individual counseling. The College Coach division is managed by a vice president and general manager who has responsibility for the growth and profitability of this division.

EdAssist. Our EdAssist services are provided through a proprietary software system for processing and data analytics, as well as a team of compliance professionals who audit employee reimbursements. We also provide customer service through contact centers in Broomfield, Colorado and Durham, North Carolina. The EdAssist services derive revenue directly from fees paid by employer sponsors under contracts that are typically three years in length. The EdAssist division is managed by a vice president and general manager who has responsibility for the growth and profitability of this division.

Educational advisory services revenue is comprised of fees or subsidies paid by employer clients, as well as copayments or retail fees collected from users at the point of service. Cost of services consist of personnel and direct service costs of the contact centers, and other expenses related to the coordination and delivery of advisory and counseling services.

Geography

We operate in two primary regions: North America, which includes the United States, Canada and Puerto Rico, and Europe, which we define to include the United Kingdom, the Netherlands, Ireland and India. The following table sets forth certain financial data for these geographic regions for the periods indicated.

	North America	Europe	Total
	(In thousands, except percentages)		
Year ended December 31, 2011			
Revenue	$ 843,645	$ 130,056	$ 973,701
As a percentage of total revenue	*87%*	*13%*	*100%*
Long-lived assets, net	$ 634,672	$ 55,602	$ 690,274
As a percentage of total fixed assets, net	*92%*	*8%*	*100%*
Year ended December 31, 2010			
Revenue	$ 770,848	$ 107,311	$ 878,159
As a percentage of total revenue	*88%*	*12%*	*100%*
Long-lived assets, net	$ 648,720	$ 46,232	$ 694,952
As a percentage of total fixed assets, net	*93%*	*7%*	*100%*

Our international business primarily consists of child care centers throughout the United Kingdom and the Netherlands and is overseen by a senior vice president. As of December 31, 2011, we had 179 centers in Europe, which generated $130.0 million in revenue for the fiscal year ended December 31, 2011, representing 13% of our total revenue. From January 1, 2012 to June 30, 2012 we added 39 centers worldwide, including 27 in the United Kingdom as a result of the completion of the Casterbridge acquisition on May 23, 2012.

Marketing

We market our services to prospective employer sponsors, current clients and their employees, and to parents. Our sales force is organized on both a centralized and regional basis and is responsible for identifying potential employer sponsors, targeting real estate development opportunities, identifying potential acquisitions and managing the overall sales process. We reach out to employers via word of mouth, direct mail campaigns, digital outreach and advertising, conference networking, webinars and social media. In addition, as a result of our visibility among human resources professionals as a high-quality dependent care service provider, potential sponsors regularly contact us requesting proposals, and we often compete for employer-sponsorship opportunities through request for proposal processes. Our management team is involved at the national level with education, work/life and children s advocacy, and we believe that their prominence and involvement in such issues also helps us attract new business. We communicate regularly with existing clients to increase awareness of the full suite of services that we provide for key life stages and to explore opportunities to enhance current partnerships.

We also have a direct-to-consumer, or parent, marketing department that supports parent enrollment efforts through the development of marketing programs, including the preparation of promotional materials. The parent marketing team is organized on both a centralized and regional basis and works with center directors and our contract center to build enrollment. New enrollment is generated by word of mouth, print advertising, direct mail campaigns, digital marketing, parent referral programs and business outreach. Individual centers may receive assistance from employer sponsors, who often provide access to channels of internal communication, such as e-mail, websites, intranets, mailing lists and internal publications. In addition, many sponsors promote the child care and early education center as an important employee benefit.

Competition

We believe that we are a leader in the markets for employer-sponsored center-based child care and back-up dependent care and maintain approximately five times more market share in the United States than our closest competitors who provide employer-sponsored centers. The market for child care and early education services is highly fragmented, and we compete for enrollment and for sponsorship of child care and early education centers with a variety of other businesses including large residential child care companies, regional child care providers, family day care (operated out of the caregiver s home), nannies, for-profit and not-for-profit full- and part-time nursery schools, private schools and public elementary schools, and not-for-profit and government-funded providers of center-based child care. Our principal competitors for employer-sponsored centers include Knowledge Learning Corporation, Children s Choice, New Horizons, Kids Unlimited, Childbase and Busy Bees in the United States and the United Kingdom. Competition for back-up dependent care and educational advising comes from some of these same competitors in addition to employee assistance programs, payment processors and smaller work/life companies. In addition, we compete for enrollment on a center-by-center basis with some of the providers named above, along with many local and national providers, such as Goddard Schools, Primrose Preschools, Asquith Court, Catalpa, SKON and Learning Care Group in the United States, the United Kingdom and the Netherlands.

We believe that the key factors in the competition for enrollment are quality of care, site convenience and cost. We believe that many center-based child care providers are able to offer care at lower prices than we do by utilizing less intensive adult-to-child ratios and offering their staff lower compensation and limited or less affordable benefits. While our tuition levels are generally higher than our competitors, we compete primarily based on the convenience of a work-site location and a higher level of program quality. In addition, many of our competitors may have access to greater financial resources (such as access to government funding or other subsidies), or may benefit from broader name recognition (such as established regional providers) or comply or are required to comply with fewer or less costly health, safety, and operational regulations than those with which we comply (such as the more limited health, safety and operational regulatory requirements typically applicable to family day care operations in caregivers homes).

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We believe that our primary focus on employer clients and track record for achieving and maintaining high-quality standards distinguishes us from our competitors. We believe we are well-positioned to continue attracting new client sponsors due to our extensive service offerings, established reputation, position as a quality leader and track record of serving major employer sponsors for over 25 years.

Intellectual Property

We believe that our name and logo have significant value and are important to our operations. We own and use various registered and unregistered trademarks covering the names Bright Horizons and Bright Horizons Family Solutions, our logo and a number of other names, slogans and designs. We frequently license the use of our registered trademarks to our clients in connection with the use of our services, subject to customary restrictions. We actively protect our trademarks by registering the marks in a variety of countries and geographic areas, including North America, Asia and Southeast Asia, the Pacific Rim, Europe and Australia. These registrations are subject to varying terms and renewal options. However, not all of the trademarks or service marks have been registered in all of the countries in which we do business, and we are aware of persons using similar marks in certain countries in which we currently do not do business. Meanwhile, we monitor our trademarks and vigorously oppose the infringement of any of our marks. We do not hold any patents, and we hold copyright registrations for certain materials that are material to the operation of our business. We generally rely on common law protection for those copyrighted works which are not material to the operation of our business. We also license some intellectual property from third parties for use in our business. Such licenses are not individually or in the aggregate material to our business.

Regulatory Matters

We are subject to various federal, state and local laws affecting the operation of our business, including various licensing, health, fire and safety requirements and standards. In most jurisdictions in which we operate, our child care centers are required by law to meet a variety of operational requirements, including minimum qualifications and background checks for our teachers and other center personnel. State and local regulations may also impact the design and furnishing of our centers.

Internationally, we are subject to national and local laws and regulations that often are similar to those affecting us in the United States, including laws and regulations concerning various licensing, health, fire and safety requirements and standards. We believe that our centers comply in all material respects with all applicable laws and regulations in these countries.

Health and Safety

The safety and well-being of children and our employees is paramount for us. We employ a variety of security measures at our child care and early education centers, which typically include secure electronic access systems as well as sign-in and sign-out procedures for children, among other site-specific security measures. In addition, our trained teachers and open center designs help ensure the health and safety of children. Our child care and early education centers are designed to minimize the risk of injury to children by incorporating such features as child-sized amenities, rounded corners on furniture and fixtures, age-appropriate toys and equipment and cushioned fall zones surrounding play structures.

Each center is further guided by a policies and procedures manual and a center management guide that address protocols for safe and appropriate care of children and center administration. These guidelines establish center protocols in areas including the safe handling of medications, managing

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child illness or health emergencies and a variety of other critical aspects of care to ensure that centers meet or exceed all mandated licensing standards. The center management guide is reviewed and updated continuously by a team of internal experts, and center personnel are trained on center practices using this tool. Our proprietary *We Care* system supports proper supervision of children and documents the transitions of children to and from the care of teachers and parents or from one classroom to another during the day.

Environmental

Our operations, including the selection and development of the properties that we lease and any construction or improvements that we make at those locations, are subject to a variety of federal, state and local laws and regulations, including environmental, zoning and land use requirements. In addition, we have a practice of conducting extensive site evaluations on each freestanding or newly constructed or renovated property that we own or lease. Although we have no known material environmental liabilities, environmental laws may require owners or operators of contaminated property to remediate that property, regardless of fault.

Employees

As of June 30, 2012, we had approximately 22,000 employees (including part-time and substitute teachers), of whom approximately 1,000 were employed at our corporate, divisional and regional offices, and the remainder of whom were employed at our child care and early education centers. Child care and early education center employees include teachers and support personnel. The total number of employees includes approximately 4,000 employees working outside of the United States. We conduct annual surveys to assess employee satisfaction and can adjust programs, benefits offerings, trainings, communications and other support to meet employee needs and enhance retention. We have a long track record of being named a Best Place to Work in the United States and more recently in the United Kingdom, Ireland and the Netherlands based largely upon employee responses to surveys. We believe our relationships with our employees are good.

Facilities

Our child care and early education centers are primarily operated at work-site locations and vary in design and capacity in accordance with sponsor needs and state and local regulatory requirements. Our North American child care and early education centers typically have an average capacity of 126 children. Our locations in Europe and India have an average capacity of 69 children. As of June 30, 2012, our child care and early education centers had a total licensed capacity of approximately 87,400 children, with the smallest center having a capacity of 10 children and the largest having a capacity of approximately 500 children.

We believe that attractive, spacious and child-friendly facilities with warm, nurturing and welcoming atmospheres are an important element in fostering a high-quality learning environment for children. Our centers are designed to be open and bright and to maximize supervision visibility. We devote considerable resources to equipping our centers with child-sized amenities, indoor and outdoor play areas comprised of age-appropriate materials and design, family hospitality areas and computer centers. Commercial kitchens are typically only present in those centers where regulations require that hot meals be prepared on site.

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Properties

We lease approximately 75,000 square feet of office space for our corporate headquarters in Watertown, Massachusetts under an operating lease that expires in 2020, with two ten-year renewal options. We also lease approximately 24,000 square feet for our contact center in Broomfield, Colorado, as well as space for regional administrative offices located in New York City; Brentwood, Tennessee; Corte Madera, California; Lisle, Illinois; Irving, Texas; Deerfield Beach, Florida; Rushden, London and Edinburgh in the United Kingdom; and Amsterdam, in the Netherlands. In addition, we also maintain small, regional offices for our College Coach division.

As of June 30, 2012, we operated 773 child care and early education centers in 41 U.S. states and the District of Columbia, Puerto Rico, the United Kingdom, Canada, Ireland, the Netherlands and India, of which 75 were owned, with the remaining centers being operated under leases or operating agreements. The leases typically have initial terms ranging from 10 to 15 years with various expiration dates, often with renewal options. Certain owned properties are subject to mortgages under the terms of our senior credit agreement governing our senior credit facilities.

The following table summarizes the locations of our child care and early education centers as of June 30, 2012:

Location	Number of Centers	Location	Number of Centers
Alabama	3	New Hampshire	3
Alaska	1	New Jersey	56
Arizona	6	New Mexico	1
California	67	New York	46
Colorado	18	North Carolina	20
Connecticut	20	Ohio	10
Delaware	8	Oregon	1
District of Columbia	19	Pennsylvania	18
Florida	30	Puerto Rico	1
Georgia	19	Rhode Island	1
Illinois	40	South Carolina	1
Indiana	7	South Dakota	1
Iowa	7	Tennessee	5
Kentucky	5	Texas	25
Louisiana	2	Utah	1
Maine	2	Virginia	14
Maryland	12	Washington	23
Massachusetts	55	Wisconsin	9
Michigan	9	Wyoming	1
Minnesota	9	Canada	2
Missouri	7	Ireland	9
Montana	1	United Kingdom	147
Nebraska	4	Netherlands	22
Nevada	4	India	1

We believe that our properties are generally in good condition, are adequate for our operations, and meet or exceed the regulatory requirements for health, safety and child care licensing established by the governments where they are located.

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Legal Proceedings

We are, from time to time, subject to claims and suits arising in the ordinary course of business. Such claims have in the past generally been covered by insurance. We believe the resolution of such legal matters will not have a material adverse effect on our financial condition, results of operations or cash flows, although we cannot predict the ultimate outcome of any such actions. Furthermore, there can be no assurance that our insurance will be adequate to cover all liabilities that may arise out of claims brought against us.

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MANAGEMENT

Below is a list of the names, ages as of September 30, 2012, and positions, and a brief account of the business experience, of the individuals who serve as our executive officers and directors as of the date of this prospectus. Our certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one-third of our board of directors will be elected each year. Upon completion of this offering, we expect that each of our directors identified below will serve in the Class indicated. Subject to any earlier resignation or removal in accordance with the terms of our certificate of incorporation and by-laws, our Class I directors will serve until the first annual meeting of shareholders following the completion of this offering; our Class II directors will serve until the second annual meeting of shareholders following the completion of this offering; and our Class III directors will serve until the third annual meeting of shareholders following the completion of this offering.

Name	Age	Position
David Lissy	46	Director, Chief Executive Officer (Class Director)
Mary Ann Tocio	64	Director, President, and Chief Operating Officer (Class Director)
Elizabeth Boland	53	Chief Financial Officer
Stephen Dreier	69	Chief Administrative Officer, Secretary
Danroy Henry, Sr.	45	Chief Human Resources Officer
Linda Mason	58	Director, Chairman (Class Director)
Lawrence Alleva	62	Director (Class Director)
Josh Bekenstein	54	Director (Class Director)
Roger Brown	56	Director (Class Director)
Jordan Hitch	46	Director (Class Director)
David Humphrey	35	Director (Class Director)
Marguerite Kondracke	66	Director (Class Director)
Sara Lawrence-Lightfoot	68	Director (Class Director)

We anticipate that one additional director who is not affiliated with us or any of our stockholders will be appointed to the board of directors within 90 days of the consummation of this offering, and an additional director who is not affiliated with us or any of our stockholders will be appointed to the board of directors within twelve months of the consummation of this offering, resulting in a board of directors that includes at least three independent directors.

David H. Lissy has served as a director of the Company since 2001 and as Chief Executive Officer of the Company since January 1, 2002. Mr. Lissy served as Chief Development Officer of the Company from 1998 until January 2002. He also served as Executive Vice President from June 2000 to January 2002. He joined Bright Horizons in August 1997 and served as Vice President of Development until the merger with CorporateFamily Solutions, Inc. in July 1998. Prior to joining Bright Horizons, Mr. Lissy served as Senior Vice President/General Manager at Aetna U.S. Healthcare, the employee benefits division of Aetna, Inc., in the New England region. His experience prior to joining the Company, his leadership at the Company and at many charitable, business services and educational organizations, including his current service on the boards of the March of Dimes, Altegra Health, Jumpstart and Ithaca College, provides him with the experience and management skills necessary to serve as a director of the Company.

Mary Ann Tocio has served as a director of the Company since November 2001 and as Chief Operating Officer of the Company since its inception in 1998. She was appointed President in June 2000. Ms. Tocio joined Bright Horizons in 1992 as Vice President and General Manager of Child Care

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Operations, and served as Chief Operating Officer from November 1993 until the merger with CorporateFamily Solutions, Inc. in July 1998. Ms. Tocio has more than thirty years of experience managing multi-site service organizations, twenty years of which were with the Company. She was previously the Senior Vice President of Operations for Health Stop Medical Management, Inc., a national provider of ambulatory care and occupational health services. Ms. Tocio is currently also a member of the board of directors of Harvard Pilgrim Health Care, a health benefits and insurance organization, and Mac-Gray Corporation, a provider of laundry facilities management services, and Horizons for Homeless Children, a non-profit organization that provides support for homeless children and their families. Her public company board experience and expertise with managing growing organizations render her an invaluable resource as a director.

Elizabeth J. Boland has served as Chief Financial Officer of the Company since June 1999. Ms. Boland joined Bright Horizons in September 1997 and served as Chief Financial Officer and, subsequent to the merger between Bright Horizons and CorporateFamily Solutions, Inc. in July 1998, served as Senior Vice President of Finance for the Company until June 1999. From 1994 to 1997, Ms. Boland was Chief Financial Officer of The Visionaries, Inc., an independent television production company. From 1990 to 1994, Ms. Boland served as Vice President-Finance for Olsten Corporation, a publicly traded provider of home-health care and temporary staffing services. From 1981 to 1990, she worked on the audit staff at Price Waterhouse, LLP in Boston, completing her tenure as a senior audit manager.

Stephen I. Dreier has served as Chief Administrative Officer and Secretary of the Company since 1998. He joined Bright Horizons as Vice President and Chief Financial Officer in 1988 and became its Secretary in November 1988 and Treasurer in September 1994. Mr. Dreier served as Bright Horizons   Chief Financial Officer and Treasurer until September 1997, at which time he was appointed to the position of Chief Administrative Officer. From 1976 to 1988, Mr. Dreier was Senior Vice President of Finance and Administration for the John S. Cheever/Paperama Company.

Danroy T. Henry, Sr. has served as the Chief Human Resource Officer since December 2007. Mr. Henry joined Bright Horizons in May 2004 as the Senior Vice President of Global Human Resources. From 2001 to 2004, Mr. Henry was the Executive Vice President for FleetBoston Financial where he had responsibility for the metropolitan Boston consumer banking market. Prior to 2001 Mr. Henry served roles in human resources management at Blinds To Go Superstores, Staples, Inc. and Pepsi Cola Company. Mr. Henry is the past board chair of the North East Human Resources Association and has served on the board of the Society of Human Resource management foundation. He is also currently the chair and co-founder of the DJ Dream Fund.

Linda A. Mason co-founded Bright Horizons in 1986, and served as director and its president from 1986 to 1998. She has served as a director and Chairman of the board of the Company since 1998. Prior to founding Bright Horizons, Ms. Mason was a co-director of the Save the Children relief and development effort in the Sudan and worked as a program officer with CARE in Thailand. In addition to her duties as executive chairman of our board of directors, since 1998 Ms. Mason has served as a part-time employee of the Company, with responsibilities that include participation in Company trainings, conferences and culture-building and representing the Company from time to time on industry matters and in public policy discussions. Ms. Mason is the wife of Roger H. Brown, who is also a director of the Company. From 1983 to 2007, Ms. Mason served as director of Whole Foods Market. Ms. Mason currently serves on the boards of Horizons for Homeless Children, the Advisory Board of the Yale University School of Management, Carnegie Endowment for International Peace, Mercy Corps and the Packard Foundation. Ms. Mason has extensive experience with the Company and her sense of mission and child advocacy work bring valuable perspective to the board.

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Lawrence M. Alleva was appointed as a director of the Company in September 2012. Mr. Alleva is a Certified Public Accountant (inactive) and spent his professional career with PricewaterhouseCoopers LLP (PwC), including 28 years as a partner, from 1971 until his retirement in 2010. At PwC he served clients ranging from Fortune 500 and multi-national companies to rapid-growth companies pursuing initial public offerings. Mr. Alleva also served in a senior national leadership role for PwC s Ethics and Compliance Group to manage the design and implementation of best practice procedures, internal controls and monitoring activities, including in connection with PwC s response to inspection reports issued by the Public Company Accounting Oversight Board (PCAOB). Mr. Alleva currently serves as a director and chair of the audit committees of GlobalLogic, Inc. and of Tesaro, Inc. He has served as a trustee of Ithaca College for over 20 years, including in the vice chair role for ten years. Mr. Alleva brings valuable experience to our board through his financial and Sarbanes-Oxley Act expertise, and his professional focus on areas such as corporate governance, control and financial reporting best practices.

Josh Bekenstein has been a managing director at Bain Capital Partners, LLC since 1986. Prior to joining Bain Capital in 1984, Mr. Bekenstein spent several years at Bain & Company, where he was involved with companies in a variety of industries. Mr. Bekenstein serves as a director of Michaels Stores, Inc., Bombardier Recreational Products Inc., Dollarama Capital Corporation, Toys R Us, Inc., Burlington Coat Factory Warehouse Corporation, The Gymboree Corporation and Waters Corporation. Mr. Bekenstein has been on the Board of the Company since its inception in 1986 and his many years of experience both as a senior executive of a large investment firm and as a director of companies in various business sectors, including ours, make him highly qualified to serve on our board.

Roger H. Brown has served as a director of the Company since its inception in 1998. He has served as President of Berklee College of Music since June 2004. Mr. Brown was Chief Executive Officer of the Company from June 1999 until December 2001, President of the Company from July 1998 until May 2000 and Executive Chairman of the Company from June 2000 until June 2004. Mr. Brown co-founded Bright Horizons and served as Chairman and Chief Executive Officer of Bright Horizons from its inception in 1986 until the merger with CorporateFamily Solutions in July 1998. Mr. Brown is the husband of Linda A. Mason, who is Chairman of the board of directors. Prior to 1986, he worked as a management consultant for Bain & Company, Inc. Mr. Brown is a co-founder of Horizons for Homeless Children, a non-profit that provides support for children and their families. He is chairman of the board for Boston After School and Beyond and serves on the board for Sonicbids, the leading website for connecting emerging bands and music promoters and the board of Wheaton College in Norton, Massachusetts. Mr. Brown s management expertise, combined with his longstanding ties to and intimate knowledge of the Company will continue to serve the Company well throughout his tenure as director.

Jordan Hitch has been a managing director at Bain Capital Partners, LLC since 1997. Prior to joining Bain Capital in 1997, Mr. Hitch was a consultant at Bain & Company where he worked in the financial services, healthcare and utility industries. Mr. Hitch serves on the board of directors of Guitar Center Holdings, Inc., The Gymboree Corporation and Burlington Coat Factory Warehouse Corporation. As a result of these and other professional experiences, Mr. Hitch brings to our board significant experience in and knowledge of corporate finance and strategy development, which strengthen the collective qualifications, skills and experience of our board of directors.

David Humphrey has been a Principal at Bain Capital Partners, LLC since December 2008 having joined the firm in 2001. From 2006 to December 2008 Mr. Humphrey served as Vice President at Bain Capital Partners, LLC. Mr. Humphrey serves on the board of directors of Burlington Coat Factory Warehouse Corporation and Skillsoft plc. Prior to joining Bain Capital, Mr. Humphrey was an investment banker in the mergers and acquisitions group at Lehman Brothers from 1999 to 2001. Mr. Humphrey received an M.B.A. from Harvard Business School and a B.A. from Harvard University.

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Mr. Humphrey has substantial knowledge of the capital markets from his experience as an investment banker and is valuable to the board of directors discussions of capital and liquidity needs.

Marguerite Kondracke served as founder and CEO of Corporate Family Solutions from 1987 to 1998. She served as CEO of the Company for one year and then as Co-Chair of the board of directors of the Company from 1999 until 2001 and served as a director until 2003. She began serving as a director of the Company in 1998, and from 2003 to 2004 she served as Staff Director for the U.S. Senate Subcommittee on Children and Families. Ms. Kondracke returned to the Company s board in 2004, and from 2004 until May 2012, also served as President and CEO of America s Promise Alliance, a nonprofit organization founded by Colin Powell that advocates for the strength and well-being of America s children and youth. Ms. Kondracke serves on the boards of Saks, Inc., LifePoint Hospitals, Rosetta Stone and Teachscape. Ms. Kondracke brings knowledge of developmental child care and education as well as extensive leadership experience to the board.

Dr. Sara Lawrence-Lightfoot has served as a director of the Company since 1998. She is the Emily Hargrowes Fisher Professor of Education at Harvard University and has been on the faculty since 1972. Dr. Lawrence-Lightfoot served as a director of the John D. and Catherine T. MacArthur Foundation from 1991 to 2007 and as Chairman from 2001 to 2007. She served as Chair of the Academic Affairs Committee of the Board of Trustees of Berklee College of Music from September 2007 until March 2012 and has been a trustee since 2004. Dr. Lawrence-Lightfoot s expertise in child development, teacher training, classroom structures and processes, curriculum development, parent/teacher relationships, educational policies and organizational matters will continue to provide an invaluable resource to the board.

Code of Business Conduct and Ethics

We have adopted a Code of Conduct and Business Ethics applicable to our employees, officers (including our chief executive officer, chief financial officer and chief accounting officer) and members of our board of directors. The Code of Conduct and Business Ethics is accessible on our website at www.brighthorizons.com. If we make any substantive amendments to the Code of Conduct and Business Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Conduct and Business Ethics to our officers, including the chief executive officer, chief financial officer or chief accounting officer, we will disclose the nature of such amendment or waiver on that website or in a report on Form 8-K.

Board Structure and Committee Composition

Upon the completion of this offering, we will continue to have an audit committee and a compensation committee with the composition and responsibilities described below. Each committee will operate under a charter that will be approved by our board of directors. The composition of each committee will be effective upon the closing of this offering. The members of each committee are appointed by the board of directors and serve until their successor is elected and qualified, unless they are earlier removed or resign. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

Because we intend to avail ourselves of exceptions applicable to controlled companies under the New York Stock Exchange listing rules, we will not have a majority of independent directors, we will not have a nominating committee, and our compensation committee will not be composed entirely of independent directors as defined under such rules. The responsibilities that would otherwise be undertaken by a nominating committee will be undertaken by the full board of directors, or at its discretion, by a special committee established under the direction of the full board of directors. The controlled company exception does not modify the independence requirements for the audit committee and we intend to comply with the audit committee requirements of the Sarbanes-Oxley Act and the rules of our

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exchange. These rules require that our audit committee be composed of at least three members, a majority of whom will be independent within 90 days of the date of this prospectus, and all of whom will be independent within one year of the date of this prospectus.

Audit Committee

The purpose of the audit committee will be set forth in the audit committee charter. The audit committee s primary duties and responsibilities will be to:

- Appoint or replace, compensate and oversee the outside auditors for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for us. The outside auditors will report directly to the audit committee.

- Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our outside auditors, subject to de minimis exceptions which are approved by the audit committee prior to the completion of the audit.

- Review and discuss with management and the outside auditors the annual audited and quarterly unaudited financial statements, our disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations and the selection, application and disclosure of critical accounting policies and practices used in such financial statements.

- Review and approve all related party transactions.

- Discuss with management and the outside auditors significant financial reporting issues and judgments made in connection with the preparation of our financial statements, including any significant changes in our selection or application of accounting principles, any major issues as to the adequacy of our internal controls and any special steps adopted in light of material control deficiencies.

Upon completion of this offering, the audit committee will consist of Lawrence Alleva, Jordan Hitch and David Humphrey. Mr. Alleva is both an independent director and an audit committee financial expert within the meaning of Item 407 of Regulation S-K, and will serve as chair of the audit committee. Prior to the consummation of this offering, our board of directors will adopt a written charter under which the audit committee will operate. A copy of the charter, which will satisfy the applicable standards of the SEC and the exchange on which we list our shares, will be available on our website.

Compensation Committee

The purpose of the compensation committee is to assist the board of directors in fulfilling its responsibilities relating to oversight of the compensation of our directors, executive officers and other employees and the administration of our benefits and equity-based compensation programs. The compensation committee reviews and recommends to our board of directors compensation plans, policies and programs and approves specific compensation levels for all executive officers. Upon completion of this offering, the compensation committee will consist of and . Prior to the consummation of this offering, our board of directors will adopt a written charter under which the compensation committee will operate. A copy of the charter, which will satisfy the applicable standards of the SEC and the exchange on which we list our shares, will be available on our website.

Compensation Committee Interlocks and Insider Participation

All compensation and related matters are reviewed by our compensation committee. Upon the completion of this offering, our compensation committee will consist of and . Each of and is affiliated with Bain Capital Partners, LLC. For additional information regarding transactions between Bain Capital Partners, LLC and us, please see Related Party Transactions below.

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Executive Compensation

Overview

The following discussion relates to the compensation of our chief executive officer, David H. Lissy, and our two most highly compensated executive officers (other than our chief executive officer), Mary Ann Tocio, our president and chief operating officer, and Elizabeth Boland, our chief financial officer and chief accounting officer (collectively referred to in this prospectus as our named executive officers). Our named executive officers compensation is determined by our compensation committee and is generally reviewed annually. Our executive compensation program is designed to attract and retain high-quality leadership and incentivize our executive officers and other key employees to achieve Company performance goals and strong individual performance over the short- and long-term. Our pay-for-performance approach to executive compensation places a greater emphasis on long-term equity incentive grants than on other forms of compensation, reflecting our focus on long-term value creation and serving to align the interests of our executive officers with those of our shareholders.

Elements of Executive Compensation

The compensation of our named executive officers consists of base salary, annual cash bonuses, equity awards and employee benefits that are generally made available to all salaried employees. Our named executive officers are also entitled to certain compensation and benefits upon a qualifying termination of employment pursuant to severance agreements.

Base Salaries. Base salaries for our named executive officers are determined based on the scope of each officer s responsibilities along with his or her respective experience and contributions to the Company. It is our philosophy to maintain a conservative level of base cash compensation, with greater emphasis placed on long-term incentive compensation. Base salaries for our named executive officers are reviewed annually by our compensation committee. When reviewing base salaries for increase, our compensation committee takes factors into account such as each officer s experience and individual performance, the Company s performance as a whole and general industry conditions, but does not assign any specific weighting to any factor. For 2011, our compensation committee decided to approve an across-the-board increase of 2% in the base salaries of our salaried employees as a whole, including those of our named executive officers.

Annual Cash Bonuses. Our annual cash bonus program was established to promote and reward the achievement of key strategic and business goals as well as individual performance. Fifty percent of the cash incentive award granted to our named executive officers in fiscal 2011 was based on the achievement of pre-established corporate goals and 50% was based on a qualitative assessment of each individual s performance.

For fiscal 2011, Mr. Lissy and Ms. Tocio each had a target cash incentive award of 120% of base salary, and Ms. Boland had a target cash incentive award of 60% base salary. Each named executive officer could earn more than the full amount of the portion of his or her target award that was based on corporate performance if corporate performance for the year exceeded target and also could earn less than such amount if the target level of performance was not achieved.

For fiscal 2011, our compensation committee established a corporate performance goal of $16.1 million of growth in earnings before interest, taxes, depreciation, amortization, straight line rent expense, equity expense, transaction costs and sponsor management fee, which we refer to for these purposes as EBITDA. Target performance was exceeded, with an actual growth in EBITDA for 2011 as compared to 2010 of $17.8 million. This represented 10% outperformance against the targeted growth level and resulted in the named executive officers each earning 110% of the portion of his or her target incentive award that was based on corporate performance. After the end of the 2011 fiscal year, our

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compensation committee met and evaluated the performance of each of our named executive officers during the fiscal year. In this evaluation, they considered various leadership and business factors, including strategic planning and execution, strategic vision and leadership skills, customer satisfaction, diversity and stability of growth, culture and employee satisfaction, innovation, communication skills, board relations and presentations, ethics and values and succession planning and determined that each of the named executive officers earned 100% of the portion of his or her annual incentive award that was based on individual performance.

Equity Awards. Our named executive officers participate in the 2008 Equity Incentive Plan (the Equity Plan). See Equity Plan below for additional details about the Equity Plan. Grants under the Equity Plan, including those made to our named executive officers, generally consist of stock option awards, half of which are subject to time-based vesting and half of which are subject to time- and performance-based vesting and will fully vest and become exercisable if there is a change of control of the Company or an initial public offering of the Company s stock or, for certain members of senior management, including the named executive officers, upon the cessation of the optionee s employment other than in connection with a breach by the optionee of any restrictive covenants. In addition, the performance condition for Ms. Tocio s awards subject to time- and performance-based vesting will be deemed satisfied in the event her employment is terminated as a result of her retirement at any time after May 28, 2013. Option awards serve both to align the interests of our named executive officers with our shareholders through the use of performance-based awards and to encourage retention through the use of time-based awards. As a result of the compensation committee s evaluation of the relative compensation paid to executive officers, Ms. Boland was granted an option award during fiscal 2011. Following our 2011 fiscal year, we completed an option exchange program, as described below, in which we issued option awards with vesting terms as described above. Upon the consummation of this offering, options to purchase , and shares of our common stock held by Mr. Lissy, Ms. Tocio and Ms. Boland, respectively, will vest.

Benefits and Perquisites. We provide modest benefits and perquisites for our named executive officers. Most of these benefits and perquisites, such as our 401(k) matching contribution and basic health and welfare benefit coverage, are available to all eligible employees. In addition, Mr. Lissy and Ms. Tocio are provided a car allowance each year, and all named executive officers receive Company-paid supplemental disability insurance.

Severance Agreements. All our named executive officers have severance agreements with the Company, which include severance, change of control, and restrictive covenant provisions. We believe that change of control arrangements provide our executives with security that will likely reduce any reluctance they may have to pursue a change of control transaction that could be in the best interests of our stockholders. We also believe that reasonable severance and change of control benefits are necessary in order to attract and retain high-quality executive officers.

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Summary Compensation Table

The following table sets forth information about certain compensation awarded or paid to our named executive officers for the 2011 fiscal year.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
David Lissy Chief Executive Officer	2011	335,420	761,886	-	221,377	11,213	1,329,896
Mary Ann Tocio President and Chief Operating Officer	2011	335,420	761,886	-	221,377	14,429	1,333,112
Elizabeth Boland Chief Financial Officer and Chief Accounting Officer	2011	248,890	297,667	64,004	82,134	4,535	697,230

(1) Salaries include amounts contributed by the named executive officer to the 401(k) Plan (as defined below).

(2) Amounts shown reflect cash payments in respect of deferred compensation awards granted in May 2008 (Mr. Lissy, $560,634, Ms. Tocio, $560,634, and Ms. Boland, $253,000). Deferred compensation awards were one-time awards made by the Company in connection with our going private transaction that vested, based on continued service by the named executive officer, on May 29, 2011, and were subsequently paid in 2011. Amounts shown also reflect the cash amount paid to the named executive officer in respect of the portion of his or her annual bonus for fiscal year 2011 that was earned based on individual performance as described in Elements of Executive Compensation Annual Cash Bonuses above (Mr. Lissy, $201,252, Ms. Tocio, $201,252, and Ms. Boland, $74,667).

(3) Amounts shown reflect the grant date fair value of options awarded in 2011 in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 12 to our consolidated financial statements included elsewhere in this prospectus.

(4) Amounts shown reflect the cash amount paid to the named executive officer in respect of the portion of his or her annual bonus for fiscal year 2011 that was earned based on company performance as described in Elements of Executive Compensation Annual Cash Bonuses above.

(5) Amounts shown include the following: matching contributions made to the 401(k) Plan on behalf of the named executive officer; a car allowance payment made to Mr. Lissy and Ms. Tocio; and supplemental disability insurance premiums paid by the Company.

Name	Year	401(k) Match ($)	Car Allowance ($)	Supplemental Disability Insurance ($)	Total
David H. Lissy	2011	1,700	7,200	2,313	11,213
Mary Ann Tocio	2011	3,075	7,200	4,154	14,429
Elizabeth J. Boland	2011	3,075	-	1,460	4,535

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Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding equity awards held by our named executive officers as of December 31, 2011.

	Option Awards (1)				
Name (a)	**Number of Securities Underlying Unexercised Options (#) Exercisable (b)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable (c)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(d)**	**Option Exercise Price (5)($) (e)**	**Option Expiration Date(6) (f)**
David Lissy	804(2)	-	-	$ 112.50	2/14/2012
	1,864(2)	-	-	$ 112.50	3/6/2013
	1,760(2)	-	-	$ 112.50	2/28/2012
	1,188(2)	-	-	$ 112.50	2/15/2013
	543(2)	-	-	$ 112.50	2/19/2014
	70,860(3)	47,240(3)	-	$ 10.00	9/2/2018
	-	-	118,100(4)	$ 10.00	9/2/2018
Mary Ann Tocio	4,023(2)	-	-	$ 112.50	2/14/2012
	3,107(2)	-	-	$ 112.50	3/6/2013
	1,354(2)	-	-	$ 112.50	2/28/2012
	848(2)	-	-	$ 112.50	2/15/2013
	226(2)	-	-	$ 112.50	2/19/2014
	66,570(3)	44,380(3)	-	$ 10.00	9/2/2018
	-	-	110,950(4)	$ 10.00	9/2/2018
Elizabeth Boland	1,430(2)	-	-	$ 112.50	3/6/2013
	29,580(3)	19,720(3)	-	$ 10.00	9/2/2018
	-	-	49,300(4)	$ 10.00	9/2/2018
	-	7,500(3)	-	$ 10.00	4/1/2021
			7,500(4)	$ 10.00	4/1/2021

(1) The amounts in the table reflect options to purchase shares of our common stock outstanding as of December 31, 2011. The amounts included in the table do not give effect to our option exchange described below that was completed on May 2, 2012. The exercise prices of the new option awards are $6.09 per share of our common stock and $511.51 per share of Class L common stock, which amounts are equal to the fair market value of our common stock and Class L common stock, respectively, on the date of grant of the new option awards. For a more detailed discussion of this option exchange, see the discussion in Equity Plan below and in note 12 to our consolidated financial statements included elsewhere in this prospectus.

(2) Reflects options to purchase a combination of shares consisting of nine shares of our Class A common stock at $2.50 per share and one share of Class L common stock at $90.00 per share, resulting in an aggregate exercise price of $112.50 for such combination of shares. These continuation options were granted in connection with our going private transaction in substitution for then-outstanding options granted under the Bright Horizons Family Solutions LLC 2006 Equity Incentive Plan and the Amended and Restated 1998 Stock Incentive Plan and were fully vested at the time of grant.

(3) Reflects options to purchase shares of our Class A common stock that are subject to service-based vesting requirements. 40% of the shares underlying these options vest on the second anniversary of the date of grant and 20% of the shares vest on each of the third, fourth and fifth anniversaries of the date of grant, subject to continued employment. The award granted to Ms. Boland on April 1, 2011 vests in equal installments on each of January 1, 2012, 2013 and 2014, subject to her continued employment.

(4) Reflects options to purchase shares of our Class A common stock that are subject to service-based and performance-based vesting conditions for which the performance condition had not been satisfied as of the end of fiscal 2011. These options conditionally vest on the same schedule as described in note (3) above, but will only fully vest and become exercisable if there is a sale of the Company or an initial public offering of the Company s stock or upon the cessation of the optionee s employment other than in connection with a breach by the optionee of any restrictive covenants. In addition, the performance condition for Ms. Tocio s award will be deemed satisfied in the event her employment is terminated as a result of her retirement at any time after May 28, 2013.

(5) The exercise price of the options is at or above the fair market value of a share of our common stock on the grant date, as determined by the board in accordance with the common stock valuation policy described in Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Common Stock Valuation and Stock-Based Compensation. The exercise price of each continuation option expiring in 2012, 2013 and 2014 was adjusted at the time of our going private transaction based on the value of our equity on May 28, 2008, the closing date of our

going private transaction.

(6) All options have a ten-year term (except the continuation options described in note (2), which retained their original term and expire in 2012, 2013 and 2014).

Retirement Benefits

We do not have any qualified or non-qualified defined benefit plans or supplemental executive retirement plans that apply to our named executive officers. We offer a tax-qualified retirement plan (the 401(k) Plan) to eligible employees, including our named executive officers. The 401(k) Plan permits eligible employees to defer up to 50% of their annual eligible compensation, subject to certain limitations imposed by the Internal Revenue Service. Employees elective deferrals are immediately vested and non-forfeitable in the 401(k) Plan. Each plan year, we may, but are not required to, make discretionary matching contributions and other employer contributions on behalf of eligible employees. Employer matching contributions and other employer contributions begin to vest 20% per year after two years of vesting service with us and fully vest after six years of vesting service with us.

Severance Agreements

The Company has entered into a severance agreement with each of Mr. Lissy, Ms. Tocio and Ms. Boland, which agreements provide for certain payments and benefits upon a qualifying termination of the executive s employment and/or a change of control.

Termination of Employment Without Cause or for Good Reason Within 24 Months Following a Change of Control (the Protection Period). If within 24 months after a change of control the executive s employment is terminated by the Company for any reason other than for cause or death or disability or the executive terminates his or her employment for good reason (as such terms are defined in the respective agreements), the executive will be entitled to receive, in each case, (a) any accrued but unpaid base salary as of termination and a prorated portion of any bonus payable for the fiscal year in which the termination occurs, and (b) subject to the executive not breaching the non-competition, non-solicitation and non-hire provisions contained in the executive s agreement, monthly severance pay for 24 months (or until such earlier date as the executive secures other employment) equal to $1/24^{th}$ of the executive s total base salary and cash bonus compensation for the prior two years of the executive s employment. If the executive elects, in accordance with applicable federal law, to continue his or her participation in the Company s health plans following termination of employment, the Company will pay the premiums for such participation for 24 months (or until such earlier date as the executive secures other employment). If the executive s continued participation in the Company s group health plans is not possible under the terms of those plans, the Company will instead arrange to provide the executive and his or her dependents substantially similar benefits upon comparable terms or pay the executive an amount in cash equal to the full cash value of such continued benefits. The executive s right to receive severance pay and benefits is subject to his or her execution of an effective release of claims in favor of the Company.

Termination of Employment Without Cause or for Good Reason Outside of the Protection Period. If the Company terminates the executive s employment without cause or the executive resigns for good reason, in either case outside of the 24-month period following a change of control, in addition to any accrued but unpaid base salary and other accrued benefits then due to the executive as of termination, the executive will be entitled to receive bi-weekly severance payments for 18 months (in the case of Ms. Boland, for one year) at his or her then-base salary rate and a prorated portion of any bonus payable for the fiscal year in which the termination occurs. The executive s right to receive severance pay and benefits is subject to his or her execution of an effective release of claims in favor of the Company.

Termination of Employment Due to Death or Disability. If the executive s employment terminates due to death or the executive becomes disabled, the executive will be entitled to receive accrued but unpaid base salary and other accrued benefits then due to the executive as of termination and a prorated portion of any bonus payable for the fiscal year in which the termination occurs. The executive s right to receive severance pay and benefits is subject to his or her execution of an effective release of claims in favor of the Company.

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Other Termination of Employment. If the executive s employment is terminated by the Company for cause or the executive voluntarily resigns without good reason, the executive will only be entitled to receive accrued but unpaid base salary and any other accrued benefits then due to the executive as of termination.

Change of Control. Pursuant to the severance agreements, immediately prior to a change of control, all unvested options then held by the executive will vest in full.

2011 Director Compensation

The following table sets forth information concerning the compensation earned by our directors during 2011. Compensation for Mr. Lissy and Ms. Tocio is included with that of our other named executive officers. Ms. Mason, Chairman of our board, is also the founder and an employee of the Company.

Name	Fees paid in cash ($)	Option awards ($)	Non-equity incentive plan compensation ($)	All other compensation	Total ($)
Roger Brown	12,500	(2)	-	-	12,500
Marguerite Kondracke	12,000	(2)	-	-	12,000
Sara Lawrence-Lightfoot	15,000	(2)	-	-	15,000
Linda Mason	167,905(1)	(2)	40,901(3)	3,075(4)	211,881

(1) Amount shown reflects compensation earned by Ms. Mason in her capacity as an employee of the Company and includes a $90,000 cash payment to Ms. Mason in respect of a deferred compensation award made by the Company in May 2008 in connection with our going private transaction that vested, based on continued service by Ms. Mason, on May 29, 2011, and was subsequently paid. Ms. Mason did not receive any compensation separately in respect of her service as Chairman.

(2) As of December 31, 2011, Mr. Brown held options to purchase 25,698 shares of our Class A common stock and options to purchase 2,022 shares of our Class L common stock, Ms. Kondracke held options to purchase 4,000 shares of our Class A common stock, Dr. Lawrence-Lightfoot held options to purchase 4,000 shares of our Class A common stock and Ms. Mason held options to purchase 29,647 shares of our Class A common stock and options to purchase 483 shares of our Class L common stock. None of our directors were awarded options during fiscal year 2011.

(3) Represents a cash bonus paid to Ms. Mason in her capacity as an employee of the Company.

(4) Amount shown includes matching contributions made to Ms. Mason under the 401(k) Plan, in her capacity as an employee.

Under our current director compensation program, each member of our board of directors who is not a full-time employee of the Company is eligible to receive compensation for his or her service as a director as follows: each director receives an annual retainer of $5,000 for board services; a meeting fee of $2,500 per in person meeting; and a meeting fee of $1,000 per telephonic meeting.

Our board of directors intends to adopt a director compensation program to be effective upon the completion of this offering. Pursuant to this program, each member of our board who is not an employee of the Company will be eligible to receive an annual equity award valued at approximately $10,000, which may be in the form of stock options, subject to certain meeting attendance requirements. Each non-employee director will also be eligible to receive an annual retainer for board services and to receive additional amounts for attendance at board or committee meetings and for services provided as the chair of certain committees. We have not, since our going private transaction, compensated directors affiliated with the Sponsor for their board service and, while the Sponsor controls a majority of our outstanding common stock, none of the directors affiliated with the Sponsor will be compensated for their board service.

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Equity Plan

The Equity Plan, which became effective May 28, 2008 and was amended on March 9, 2012, provides for the grant of options to purchase shares of our common stock and Class L common stock to key employees of, directors of, and consultants and advisors to the Company and its affiliates who are in a position to contribute significantly to the success of the Company. Certain continuation options were granted in connection with our going private transaction under the Equity Plan in substitution for options granted under the Bright Horizons Family Solutions LLC 2006 Equity Incentive Plan and Amended and Restated 1998 Stock Incentive Plan. Such continuation options were fully vested at grant and give the option holder the right to purchase shares of our common stock and Class L common stock in the same ratio of nine shares of our common stock for every share of Class L common stock. The summary of the Equity Plan is not a complete description of all provisions of the Equity Plan and is qualified in its entirety by reference to the Equity Plan, which is filed as an exhibit to the registration statement of which this prospectus is a part.

The Equity Plan is administered by our compensation committee, which has authority to select award recipients in consultation with our Chief Executive Officer and determine the terms of all awards, including the time or times upon which awards vest or become exercisable and remain exercisable. Unless otherwise provided by our compensation committee, a participant s unvested awards will immediately terminate upon the participant s cessation of employment, and vested awards will remain outstanding for 30 days (or until the award s expiration date, if earlier), provided that a participant s vested awards will remain outstanding for one year following death, 180 days following termination of employment due to disability, and 90 days following retirement (or, in each case, until the award s expiration date, if earlier). If a participant s employment terminates for cause, all awards then held by the participant will be forfeited immediately, whether or not vested.

All awards granted under the Equity Plan, and any stock issued pursuant to awards granted under such plan, are subject to the terms of our stockholders agreement, which will be amended and restated effective upon the completion of this offering. See Related Party Transactions Stockholders Agreement. The exercise price of each option under the Equity Plan, other than certain continuation options granted by the Company in connection with the Acquisition, is equal to the fair market value of the stock subject to the award on the grant date or such higher amount as our compensation committee may determine.

All awards under the Equity Plan fully vest in the event of a change of control (as defined in the Equity Plan). In the event of a consolidation, merger or similar transaction, a sale or transfer of all or substantially all of the Company s assets or a dissolution or liquidation of the Company, our compensation committee may, among other things, provide for continuation or assumption of outstanding awards, for new grants in substitution of outstanding awards, for the accelerated vesting or delivery of shares under awards or for a cash-out of outstanding awards, in each case on such terms and with such restrictions as it deems appropriate. Awards not assumed will terminate upon the consummation of such corporate transaction. Following this offering, all equity-based awards will be granted under the 2012 Omnibus Plan described below.

On May 2, 2012, we completed an option exchange program in which all participants in the Equity Plan, including our named executive officers, agreed to exchange their then-outstanding options to purchase shares of our common stock for options to purchase a combination of shares of our common stock and Class L common stock based on an exchange ratio of options to purchase approximately 15.5 shares of our common stock for a new option to purchase nine shares of common stock and one share of Class L common stock. The new option awards are subject to the same vesting and other terms as were applicable to the exchanged options which are described above, except that the exercise price of the new option awards is equal to the fair market value of our common stock and

Class L common stock on the date of grant of the new option awards. As a result of the exchange program, options to purchase 1,401,750 shares of our common stock were exchanged for options to purchase 815,670 shares of our common stock and 90,630 shares of our Class L common stock, at exercise prices of $6.09 per share of our common stock and $511.51 per share of our Class L common stock, which amounts are equal to the fair market value of our common stock and Class L common stock, respectively, on the date of grant of the new option awards. After this option exchange program, all outstanding awards now consist of options to purchase a combination of shares of our common stock and Class L common stock in a ratio of nine shares of common stock for every share of Class L common stock. For a more detailed discussion of this option exchange, see note 12 to our consolidated financial statements included elsewhere in this prospectus.

2012 Omnibus Plan

Prior to the completion of this offering, our board of directors intends to adopt the Bright Horizons Family Solutions Inc. 2012 Omnibus Long-Term Incentive Plan (the 2012 Omnibus Plan) and following this offering, all equity-based awards will be granted under the 2012 Omnibus Plan. As of the date of this prospectus, no awards have been made under the 2012 Omnibus Plan. This summary is not a complete description of all provisions of the 2012 Omnibus Plan and is qualified in its entirety by reference to the 2012 Omnibus Plan, which is filed as an exhibit to the registration statement of which this prospectus is a part.

Purpose. The purpose of the 2012 Omnibus Plan is to advance the Company s interests by providing for the grant to participants of equity-based awards.

Plan Administration. The 2012 Omnibus Plan is administered by our compensation committee. Our compensation committee has the authority to, among other things, interpret the 2012 Omnibus Plan, determine eligibility for, grant and determine the terms of awards under the 2012 Omnibus Plan, and to do all things necessary to carry out the purposes of the 2012 Omnibus Plan. Our compensation committee s determinations under the 2012 Omnibus Plan are conclusive and binding.

Authorized Shares. Subject to adjustment, the maximum number of shares of our common stock that may be delivered in satisfaction of awards under the 2012 Omnibus Plan is . Shares of common stock to be issued under the 2012 Omnibus Plan may be authorized but unissued shares of common stock or previously-issued shares acquired by the Company. Any shares of common stock underlying awards that are settled in cash or otherwise expire, terminate, or are forfeited prior to the issuance of stock will again be available for issuance under the 2012 Omnibus Plan.

Individual Limits. The maximum number of shares for which options may be granted and the maximum number of shares of stock subject to stock appreciation rights which may be granted to any person in any calendar year is shares. The maximum number of shares subject to other awards which may be granted to any person in any calendar year is shares.

Eligibility. Our compensation committee selects participants from among the key employees, directors, consultants and advisors of the Company and its affiliates who are in a position to make a significant contribution to our success. Eligibility for options intended to be incentive stock options (ISOs) is limited to employees of the Company or certain affiliates.

Types of Awards. The 2012 Omnibus Plan provides for grants of options, stock appreciation rights, restricted and unrestricted stock and stock units, performance awards, cash awards, and other awards convertible into or otherwise based on shares of our stock. Dividend equivalents may also be provided in connection with an award under the 2012 Omnibus Plan.

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Stock options and stock appreciation rights: The exercise price of an option, and the base price against which a stock appreciation right is to be measured, may not be less than the fair market value (or, in the case of an ISO granted to a ten percent shareholder, 110% of the fair market value) of a share of common stock on the date of grant. Our compensation committee determines the time or times at which stock options or stock appreciation rights become exercisable and the terms on which such awards remain exercisable.

Restricted and unrestricted stock: A restricted stock award is an award of common stock subject to forfeiture restrictions, while an unrestricted stock award is not subject to restrictions under the 2012 Omnibus Plan.

Stock units: A stock unit award is denominated in shares of common stock and entitles the participant to receive stock or cash measured by the value of the shares in the future. The delivery of stock or cash under a stock unit may be subject to the satisfaction of performance conditions or other vesting conditions.

Performance awards: A performance award is an award the vesting, settlement or exercisability of which is subject to specified performance criteria.

Vesting. Our compensation committee has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award.

Termination of Employment. Our compensation committee determines the effect of termination of employment or service on an award. Unless otherwise provided by our compensation committee or in an award agreement, upon a termination of employment all unvested options and other awards requiring exercise will terminate and all other unvested awards will be forfeited.

Performance Criteria. The 2012 Omnibus Plan provides that grants of performance awards are made based upon, and subject to achieving, performance objectives over a performance period, which may be one or more periods of not less than 12 months duration. Performance objectives with respect to those awards that are intended to qualify as performance-based compensation for purposes of Section 162(m) (Section 162(m)) of the Internal Revenue Code of 1986, as amended (the Code) are limited to an objectively determinable measure or objectively determinable measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after-tax basis; net income; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancing.

To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), our compensation committee may provide in the case of any award intended to qualify for such exception that one or more of the performance objectives applicable to an award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by generally accepted accounting principles) occurring during the performance period of such award that affect the applicable performance objectives.

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Transferability. Awards under the 2012 Omnibus Plan may not be transferred except by will or by the laws of descent and distribution, unless (for awards other than ISOs) otherwise provided by our compensation committee.

Corporate Transactions. In the event of a consolidation, merger or similar transaction, a sale or transfer of all or substantially all of the Company s assets or a dissolution or liquidation of the Company, our compensation committee may, among other things, provide for continuation or assumption of outstanding awards, for new grants in substitution of outstanding awards, for the accelerated vesting or delivery of shares under awards or for a cash-out of outstanding awards, in each case on such terms and with such restrictions as it deems appropriate. Except as our compensation committee may otherwise determine, awards not assumed will terminate upon the consummation of such corporate transaction.

Adjustment. In the event of certain corporate transactions (including a stock dividend, stock split or combination of shares, recapitalization or other change in the Company s capital structure that constitutes an equity restructuring within the meaning of ASC 718), our compensation committee will make appropriate adjustments to the maximum number of shares that may be delivered under and the individual limits included in the 2012 Omnibus Plan, and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to awards, the exercise prices of such awards or any other terms of awards affected by such change. Our compensation committee will also make the types of adjustments described above to take into account distributions and other events other than those listed above if it determines that such adjustments are appropriate to avoid distortion and preserve the value of awards.

Amendment and Termination. Our compensation committee will be able to amend the 2012 Omnibus Plan or outstanding awards, or terminate the 2012 Omnibus Plan as to future grants of awards, except that our compensation committee will not be able alter the terms of an award if it would affect materially and adversely a participant s rights under the award without the participant s consent (unless expressly provided in the 2012 Omnibus Plan or reserved by our compensation committee). Stockholder approval will be required for any amendment to the extent such approval is required by law, including the Code or applicable stock exchange requirements.

2012 Cash Bonus Program

Our named executive officers are each entitled to participate in our annual cash bonus program for fiscal 2012. As with our fiscal 2011 program described above under Executive Compensation Elements of Executive Compensation Annual Cash Bonus, 50% of the cash incentive award will be determined based on the achievement of pre-established corporate goals, and 50% will be determined based on a qualitative assessment of each individual s performance. The corporate performance goal for 2012 under this program is growth in EBITDA. For fiscal 2012, Mr. Lissy and Ms. Tocio each have a target cash incentive award of 120% of base salary, and Ms. Boland has a target cash incentive award of 60% base salary. Each named executive officer can earn more than the full amount of the portion of his or her target award that is based on corporate performance if corporate performance for the year exceeds target and can earn less than the full amount if the target level of performance is not achieved. Each executive officer must remain employed on the last day of the fiscal year in order to receive his or her bonus.

Bright Horizons Family Solutions Inc. Annual Incentive Plan

Prior to the completion of this offering, our board of directors intends to adopt the Bright Horizons Family Solutions Inc. Annual Incentive Plan (the Annual Plan). Starting with our 2013 fiscal year, annual award opportunities for executive officers, including our named executive officers, and other key employees will be granted under the Annual Plan. The following summary describes what we anticipate to be the material terms of the Annual Plan. This summary is not a complete description of all provisions of the Annual Plan and is qualified in its entirety by reference to the Annual Plan, which is filed as an exhibit to the registration statement of which this prospectus is a part.

Administration. The Annual Plan will be administered by our compensation committee. Our compensation committee has authority to interpret the Annual Plan, and any interpretation or decision by the compensation committee with regard to any questions arising under the Annual Plan will be final and conclusive on all participants.

Eligibility. Executive officers and other key employees of the Company and our subsidiaries will be selected from time to time by the compensation committee to participate in the Annual Plan.

Awards. Award opportunities under the Annual Plan will be granted by our compensation committee prior to, or within a specified period of time following the beginning of, the fiscal year of the Company (or other performance period selected by the compensation committee). The compensation committee will establish the performance criteria applicable to the award, the amount or amounts payable if the performance criteria are achieved, and such other terms and conditions as the compensation committee deems appropriate. The Annual Plan permits the grant of awards that are intended to qualify as exempt performance-based compensation under Section 162(m) as well as awards that are not intended to so qualify. Any awards that are intended to qualify as performance-based compensation will be administered in accordance with the requirements of Section 162(m).

Performance Criteria. Awards under the Annual Plan will be made based on, and subject to achieving, performance criteria established by our compensation committee. Performance criteria for awards intended to qualify as performance-based compensation for purposes of Section 162(m) are limited to the objectively determinable measures of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices or the performance of one or more companies and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after-tax basis; net income; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings.

To the extent consistent with the requirements of Section 162(m), the compensation committee may establish that in the case of any award intended to qualify as exempt performance-based compensation under Section 162(m), that one or more of the performance criteria applicable to such award be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of tax on accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period of such award that affect the applicable performance criteria.

Payment. A participant will be entitled to payment under an award only if all conditions to payment have been satisfied in accordance with the Annual Plan and the terms of the award. Following the close of the performance period, our compensation committee will determine (and, to the extent required by Section 162(m), certify) whether and to what extent the applicable performance criteria have been satisfied. Our compensation committee will then determine the actual payment, if any, under each award. Our compensation committee has the sole and absolute discretion to reduce (including to zero) the actual payment to be made under any award. Our compensation committee will determine the payment dates for awards under the Annual Plan. Our compensation committee may permit a participant to defer payment of an award.

Payment Limits. The maximum payment to any participant under the Annual Plan in any fiscal year will in no event exceed $ million.

Recovery of Compensation. Awards under the Annual Plan will be subject to forfeiture, termination and rescission, and a participant who receives a payment pursuant to the Annual Plan will be obligated to return to the Company such payment, to the extent provided by our compensation committee in an award agreement, pursuant to Company policy relating to the recovery of erroneously-paid incentive compensation, or as otherwise required by law or applicable stock exchange listing standards.

Amendment and Termination. Our compensation committee may amend the Annual Plan at any time, provided that any amendment will be approved by the Company s stockholders if required by Section 162(m). Our compensation committee may terminate the Annual Plan at any time.

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RELATED PARTY TRANSACTIONS

Arrangements with Our Investors

In 2008, in connection with our going private transaction we entered into a stockholders agreement and a registration rights agreement with certain of the stockholders of the Company. These agreements contained provisions relating to election of directors, participation rights, restrictions on transfer of shares, tag along rights, drag along rights, a call right exercisable by us upon departure of a manager, a right of first offer upon disposition of shares, registration rights and other actions requiring the approval of stockholders. In addition, we entered into a management agreement with an affiliate of the Sponsor for the provision of certain consulting and management advisory services to us.

Stockholders Agreement

In connection with our going private transaction, we entered into a stockholders agreement with the Sponsor and certain other investors, stockholders and executive officers. In connection with the consummation of this offering, the provisions of the stockholders agreement, other than those relating to lock-up obligations in connection with registered offerings of our securities, will terminate in accordance with the terms of the stockholders agreement, and the agreement will be amended and restated to eliminate the terminated provisions. Our amended and restated stockholders agreement obligates the stockholders parties thereto, subject to the limited exceptions described in the amended and restated stockholders agreement, to enter into customary lock-up agreements with the underwriters in the event of underwritten public offerings of our shares of common stock.

Prior to the consummation of this offering, the stockholders agreement contained provisions relating to (i) voting of shares, which generally required each stockholder to vote in favor of the election of the directors designated by the Sponsor and also to vote in the same manner as the Sponsor to approve any sale, recapitalization, merger or other acquisition transaction, (ii) restrictions on transfer of shares, which generally prohibited stockholders from transferring shares of common stock other than in connection with a tag along right, a drag along transaction, our exercise of a call right upon departure of a manager, or otherwise in limited circumstances to affiliates or for estate planning purposes, (iii) tag along rights in connection with any sale of shares by the Sponsor, (iv) drag along rights in favor of the Sponsor in connection with any sale of at least 20% of the shares held by the Sponsor, and (v) a call right exercisable by us upon departure of a manager at a price per share that depended upon whether the manager s employment terminated with or without cause and whether the manager had violated any non-competition obligation owed to us. Each of our current directors has been elected in accordance with the terms of the stockholder agreement. All of the foregoing provisions of the stockholders agreement terminate, in accordance with their terms, upon the closing of this offering and are not included in the amended and restated stockholders agreement.

Registration Rights Agreement

In connection with our going private transaction, we entered into a registration rights agreement with the Sponsor and certain other stockholders. In connection with the consummation of this offering, the registration rights agreement will be amended, effective upon the closing of this offering. The registration rights agreement, as amended, will provide the Sponsor with certain demand registration rights following the expiration of the 180-day lockup period in respect of the shares of our common stock held by them. In addition, in the event that we register additional shares of common stock for sale to the public following the consummation of this offering, we will be required to give notice of such registration to the Sponsor and the other stockholders party to the agreement of our intention to effect such a registration, and, subject to certain limitations, the Sponsor and such holders will have piggyback registration rights providing them with the right to require us to include shares of common

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stock held by them in such registration. We will be required to bear the registration expenses, other than underwriting discounts and commissions and transfer taxes, associated with any registration of shares by the Sponsor or other holders described above.

The registration rights agreement includes customary indemnification provisions in favor of any person who is or might be deemed a controlling person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and related parties against liabilities under the Securities Act incurred in connection with the registration of any of our debt or equity securities. These provisions provide indemnification against certain liabilities arising under the Securities Act and certain liabilities resulting from violations of other applicable laws in connection with any filing or other disclosure made by us under the securities laws relating to any such registrations. We have agreed to reimburse such persons for any legal or other expenses incurred in connection with investigating or defending any such liability, action or proceeding, except that we will not be required to indemnify any such person or reimburse related legal or other expenses if such loss or expense arises out of or is based on any untrue statement or omission made in reliance upon and in conformity with written information provided by such person.

Management Agreement

In connection with the going private transaction, we entered into a management agreement with Bain Capital Partners, LLC pursuant to which Bain Capital Partners, LLC provides us with certain consulting and management advisory services. In exchange for these services, we pay an aggregate annual management fee equal to $2.5 million, and we reimburse Bain Capital Partners, LLC for out-of-pocket expenses incurred by it, its members, or its affiliates in connection with the provision of services pursuant to the management agreement. In 2009, such reimbursements totaled approximately $60,000; in 2010, such reimbursements totaled approximately $22,000; in 2011, such reimbursements totaled approximately $14,000, and for the nine months ended September 30, 2012, such reimbursements totaled approximately $2,000. In addition, Bain Capital Partners, LLC is entitled to a transaction fee in connection with any financing, acquisition, disposition or change of control transaction equal to 1% of the gross transaction value, including assumed liabilities, for such transaction. Bain Capital Partners, LLC has not received any transaction fees under the management agreement in 2009, 2010 or 2011 or in the nine months ended September 30, 2012 and in connection with the termination of the management agreement, Bain Capital Partners, LLC will waive any right to receive a transaction fee under the management agreement in connection with this offering but will receive the termination payment described below.

The management agreement includes customary exculpation and indemnification provisions in favor of Bain Capital Partners and its affiliates. The management agreement may be terminated by Bain Capital Partners, LLC at any time and will terminate immediately prior to an initial public offering or a change of control, in any such case unless Bain Capital Partners, LLC determines otherwise. In connection with this offering, the management agreement will be terminated in exchange for a payment to Bain Capital Partners, LLC of approximately $7.5 million. The indemnification and exculpation provisions in favor of Bain Capital Partners, LLC and its affiliates will survive such termination.

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DESCRIPTION OF INDEBTEDNESS

We and our subsidiaries have debt outstanding under the senior credit facilities, the senior notes, the senior subordinated notes and other debt facilities.

Senior Credit Facilities

General

On May 28, 2008, Bright Horizons Family Solutions LLC entered into the $440.0 million senior credit facilities with General Electric Capital Corporation as administrative agent, Goldman Sachs Credit Partners L.P. as syndication agent, and the other lenders party thereto. On July 14, 2011, we amended the senior credit facilities in order to permit the acquisition of a majority equity interest in a child care company in the Netherlands and a subsequent follow-on acquisition of the remaining minority equity interests and to make certain other related changes. On May 23, 2012, we further amended the senior credit facilities to permit the Casterbridge acquisition, to increase the size of the uncommitted incremental facility provided under the agreement by an additional $35.0 million to $85.0 million, to eliminate the mandatory prepayment provision relating to the issuance of equity interests and to make other changes to certain other covenants, and we borrowed the full amount available under the incremental facility under the senior credit facilities as new Series C new term loans. As of June 30, 2012, the senior credit facilities consist of a $75.0 million revolving credit facility, $85.0 million Series C new term loans, of which, $84.8 million remain outstanding and $365.0 million Tranche B term loans, of which, $346.1 million remain outstanding.

Interest Rates and Fees

Borrowings under the senior credit facilities bear interest at a rate per annum equal to an applicable margin plus, at our option, either (1) a base rate determined by reference to the highest of (a) the Federal Funds rate plus half of 1% or (b) the prime rate quoted in the *Wall Street Journal,* or (2) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs; provided that, in the case of Series C new term loans, the base rate may not be lower than 2.00% and LIBOR may not be lower than 1.00%. The applicable margin under the Tranche B term loan facility is 3.00% for loans based upon the base rate and 4.00% for loans based upon the LIBOR rate. The applicable margin under the revolving credit facility ranges from 2.00% to 2.50% for loans based upon the base rate and ranges from 3.00% to 3.50% for loans based upon the LIBOR rate, in each case based upon on specified leverage ratios. The applicable margin under the Series C new term loan facility is 3.25% for loans based upon the base rate and 4.25% for loans based upon the LIBOR rate.

In addition to paying interest on outstanding principal under the senior credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder at a rate that ranges from 0.375% to 0.50% per annum based upon on specified leverage ratios. We also pay customary letter of credit and agency fees.

Mandatory Repayments

The credit agreement governing the senior credit facilities requires us to prepay outstanding loans, subject to certain exceptions, with: (1) 100% of the net cash proceeds of any incurrence of certain indebtedness by us or our subsidiaries other than indebtedness permitted under the senior credit facilities, (2) commencing with the fiscal year ended December 31, 2008, 50% (which percentage is reduced to 25% if our total leverage ratio is less than 4.00 to 1.00) of annual excess cash flow (as defined in the credit agreement governing the senior credit facilities), (3) 100% of the net cash proceeds of certain non-ordinary course asset sales or other dispositions of assets by us or our subsidiaries, subject to reinvestment rights and certain other exceptions and 50% of the net cash proceeds of sale-leaseback transactions with respect to property acquired in the Casterbridge acquisition and (4) 100% of net cash proceeds received under any casualty insurance policies or as a result of the taking of any of our assets by eminent domain, condemnation or otherwise (or pursuant to a sale of such assets under threat of such taking), subject to reinvestment rights.

In general, the mandatory prepayments described above are applied to prepay the Tranche B term loans and the Series C new term loans on a pro rata basis in direct order of maturity, provided that at our election we may apply prepayments solely to prepay the Tranche B term loan facility.

Voluntary Repayments

We may voluntarily repay outstanding loans under the senior credit facilities at any time subject to customary breakage costs with respect to LIBOR loans and a prepayment premium on the Series C new term loans equal to 1% in connection with a refinancing of all or a portion of the Series C new term loans prior to May 23, 2013 with loans bearing a lower effective interest cost or weighted average yield or a similar repricing transaction.

Amortization and Final Maturity

The Tranche B term loan facility amortizes each year in an amount equal to 1% per annum in equal quarterly installments for the first six and three quarter years, with the balance payable on May 28, 2015. The Series C new term loans amortize each year in an amount equal to 1% per annum in equal quarterly installments for the first four and three quarter years, with the balance payable on May 23, 2017. The principal amount outstanding of the loans under the revolving credit facility becomes due and payable on May 28, 2014.

Guarantees and Security

The senior credit facilities are guaranteed by Bright Horizons Capital Corp., which we refer to as Holdings, as well as all of Bright Horizons Family Solutions LLC s direct and indirect wholly-owned domestic subsidiaries, and are required to be guaranteed by certain of Bright Horizons Family Solutions LLC s future domestic wholly-owned subsidiaries. All obligations under the senior credit facilities and the guarantees of those obligations, subject to certain exceptions are secured by: (1) substantially all of the assets of Holdings, Bright Horizons Family Solutions LLC and the subsidiary guarantors, including a first-priority pledge of 100% of certain of the capital stock or equity interests held by Holdings, Bright Horizons Family Solutions LLC or any subsidiary guarantor (which pledge, in the case of the stock of any foreign subsidiary and the equity interests of certain U.S. subsidiaries that hold capital stock of foreign subsidiaries and are disregarded entities for U.S. federal income tax purposes is limited to 65% of the voting stock or equity interests of such subsidiary), in each case excluding any equity interests in any person to the extent such a pledge would violate the governing documents thereof and certain other exceptions; and (2) a first-priority security interest in substantially all other tangible and intangible assets of Holdings, Bright Horizons Family Solutions LLC and each subsidiary guarantor.

Covenants and Other Matters

The senior credit facilities contain a number of covenants that, among other things and subject to certain exceptions, restrict the ability of us and our subsidiaries to:

- incur certain liens;
- make investments, loans, advances and acquisitions;
- incur additional indebtedness or guarantees;
- pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated and earnout indebtedness;
- engage in transactions with affiliates;

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- sell assets, including capital stock of our subsidiaries;
- alter the business we conduct;
- enter into agreements restricting our subsidiaries ability to pay dividends; and
- consolidate or merge.

In addition, the credit agreement governing the senior credit facilities requires us and our subsidiaries to comply on a quarterly basis with the following financial covenants, each of which becomes more restrictive over time:

- a maximum total leverage ratio; and
- a minimum interest coverage ratio.

The credit agreement governing the senior credit facilities contains certain customary affirmative covenants and events of default.

This summary describes the material provisions of the senior credit facilities but may not contain all information that is important to you. We urge you to read the provisions of the credit agreement governing the senior credit facilities, which is filed as an exhibit to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

Senior Notes

General

On May 28, 2008, Bright Horizons Capital Corp., our wholly-owned direct subsidiary, issued $110.0 million face amount of 13.0% senior notes that mature on November 28, 2018, which we refer to in this prospectus as the senior notes. On July 14, 2011, we entered into a supplemental indenture to the indenture governing the senior notes in order to permit the acquisition of a majority equity interest in a child care company in the Netherlands and a subsequent follow-on acquisition of the remaining minority equity interests and to make certain other related changes. Interest on the outstanding senior notes is payable quarterly at a rate of 13.0% in arrears on March 31, June 30, September 30 and December 31 of each year. On each interest payment date on or before May 28, 2013, Bright Horizons Capital Corp. may elect to pay such interest in cash or for such interest to be added to principal. The outstanding senior notes are not guaranteed by any of our subsidiaries.

Covenants

The indenture governing the outstanding senior notes contain a number of covenants that, among other things and subject to certain exceptions, restrict our ability and the ability of our restricted subsidiaries to:

- incur certain liens;
- make investments, loans, advances and acquisitions;
- incur additional indebtedness or guarantees;

pay dividends on capital stock or redeem, repurchase or retire capital stock or any subordinated indebtedness;

engage in transactions with affiliates;

sell assets, including capital stock of our subsidiaries;

enter into agreements restricting our restricted subsidiaries ability to pay dividends; and

consolidate, merge or transfer all or substantially all of Bright Horizons Capital Corp. s assets and the assets of its subsidiaries.

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The senior notes were originally issued in a private placement. After the occurrence of certain trigger events, including the completion of an initial public offering of the Company, we have agreed to file a registration statement with the SEC, upon demand by the noteholders to permit either the exchange of the original notes for registered notes having substantially the same terms, or the registered resale of the original notes. The exchange of notes or registration covering resales of the original notes must be completed within certain time periods or additional interest may accrue, not to exceed 1.0% per annum.

Optional Redemption

We may redeem the outstanding senior notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount of senior notes to be redeemed) set forth below, plus accrued and unpaid interest thereon to the redemption date, if redeemed on or after any of the dates below until the subsequent date below:

Year	Percentage
May 28, 2012	106.500%
May 28, 2013	104.333%
May 28, 2014	102.167%
May 28, 2015 and thereafter	100.000%

We intend to use the net proceeds of this offering to redeem all of the outstanding senior notes. See Use of Proceeds.

Change of Control and Asset Sale Offers

If we experience certain kinds of changes in control, we must offer to purchase the outstanding senior notes at 101% of their principal amount, plus accrued and unpaid interest.

If Bright Horizons Capital Corp. or its restricted subsidiaries engage in certain asset sales, Bright Horizons Capital Corp. generally must either invest the net cash proceeds from such sales in its business within a period of time, prepay certain debt or, when the excess proceeds from such asset sales exceeds $15.0 million, make an offer to purchase a principal amount of the outstanding senior notes equal to the excess net cash proceeds, subject to certain exceptions. The purchase price of the outstanding senior notes will be 100% of their principal amount, plus any accrued and unpaid interest.

This summary describes the material provisions of the senior notes but may not contain all information that is important to you. We urge you to read the provisions of the indenture governing these senior notes, which is filed as an exhibit to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

Senior Subordinated Notes

General

On May 28, 2008, Bright Horizons Family Solutions LLC, our wholly-owned indirect subsidiary, issued $300.0 million face amount of 11.5% senior subordinated notes that mature on May 28, 2018, which we refer to in this prospectus as the senior subordinated notes. On July 14, 2011, we entered into a supplemental indenture to the indenture governing the senior subordinated notes in order to permit the acquisition of a majority equity interest in a child care company in the Netherlands, a subsequent follow-on acquisition of the remaining minority equity interests and to make certain other related changes. Interest on the outstanding senior subordinated notes is payable quarterly at a rate of

11.5% in arrears on March 31, June 30, September 30 and December 31 of each year. The outstanding senior subordinated notes are guaranteed, jointly and severally, on an unsecured subordinated basis by Bright Horizons Capital Corp. and all of Bright Horizons Family Solutions LLC s existing and subsequently acquired or organized restricted subsidiaries that guarantee our senior credit facilities or certain other indebtedness of Bright Horizons Family Solutions LLC or any guarantor.

Covenants

The indenture governing the outstanding senior subordinated notes contains a number of covenants that, among other things and subject to certain exceptions, restrict Bright Horizons Family Solutions LLC s ability and the ability of its restricted subsidiaries to:

incur certain liens;

make investments, loans, advances and acquisitions;

incur additional indebtedness or guarantees;

pay dividends on capital stock or redeem, repurchase or retire capital stock or any subordinated indebtedness;

engage in transactions with affiliates;

sell assets, including capital stock of Bright Horizons Family Solutions LLC s subsidiaries;

enter into agreements restricting Bright Horizons Family Solutions LLC s restricted subsidiaries ability to pay dividends; and

consolidate, merge or transfer all or substantially all of Bright Horizons Family Solutions LLC s assets and the assets of its subsidiaries.

The senior subordinated notes were originally issued in a private placement. After the occurrence of certain trigger events, including the completion of an initial public offering of the Company, we have agreed to file a registration statement with the SEC, upon demand by the noteholders, to permit either the exchange of the original notes for registered notes having substantially the same terms, or the registered resale of the original notes. The exchange of notes or registration covering resales of the original notes must be completed within certain time periods or additional interest may accrue, not to exceed 1% per annum.

Optional Redemption

We may redeem the outstanding senior subordinated notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount of senior subordinated notes to be redeemed) set forth below, plus accrued and unpaid interest thereon to the redemption date, if redeemed on or after any of the dates below until the subsequent date below:

Year	**Percentage**
May 28, 2013	105.750%
May 28, 2014	103.833%
May 28, 2015	101.917%

May 28, 2016 and thereafter	100.000%

Prior to May 28, 2013, we may redeem our senior subordinated notes, in whole or in part, at a price equal to 100% of the principal amount thereof, plus a make-whole premium, plus accrued and unpaid interest.

Change of Control and Asset Sale Offers

If we experience certain kinds of changes in control, we must offer to purchase the outstanding senior subordinated notes at 101% of their principal amount, plus accrued and unpaid interest.

If Bright Horizons Family Solutions LLC or its restricted subsidiaries engage in certain asset sales, Bright Horizons Family Solutions LLC generally must either invest the net cash proceeds from such sales in its business within a period of time, prepay certain debt or, when the excess proceeds from such asset sales exceeds $15.0 million, make an offer to purchase a principal amount of the outstanding senior subordinated notes equal to the excess net cash proceeds, subject to certain exceptions. The purchase price of the outstanding senior subordinated notes will be 100% of their principal amount, plus accrued and unpaid interest.

This summary describes the material provisions of the senior subordinated notes but may not contain all information that is important to you. We urge you to read the provisions of the indenture governing these senior subordinated notes, which is filed as an exhibit to the registration statement of which this prospectus forms a part. See Where You Can Find More Information.

International Credit Facility

Our majority-owned subsidiary in the Netherlands, which we acquired in 2011, maintains a revolving credit facility with ABN AMRO Bank N.V., based in the Netherlands, consisting of a 1.0 million general facility to support working capital and letter of credit requirements, and a 2.0 million current account facility to support the construction and fit out of new child care centers. The current account facility is secured by a right of offset against all accounts we maintain at the lending bank and by an additional pledge of certain equipment. At June 30, 2012, there were no amounts outstanding under the facility.

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SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of , 2012 by (i) such persons known to us to be beneficial owners of more than 5% of our common stock, (ii) each of our directors and named executive officers, and (iii) all of our directors and executive officers as a group.

Prior to this offering, our stockholders agreement provided that significant corporate decisions, including the election of directors, were required to be taken in accordance with the direction of investment funds affiliated with the Sponsor. In connection with this offering, many of these provisions of the stockholders agreement will terminate. See Related Party Transactions.

Unless otherwise indicated below, the address for each listed director, officer and stockholder is c/o Bright Horizons Family Solutions Inc., 200 Talcott Avenue South, Watertown, Massachusetts 02472. Beneficial ownership has been determined in accordance with the applicable rules and regulations promulgated under the Exchange Act. The information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting or investment power and any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days after , 2012 through the exercise of any option, warrant or other right. For purposes of calculating each person s or group s percentage ownership, shares of common stock issuable pursuant to options exercisable within 60 days after , 2012 are included as outstanding and beneficially owned for that person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group. The inclusion in the following table of those shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner. To our knowledge, except under applicable community property laws or as otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all shares shown as beneficially owned. For more information regarding the terms of our common stock, see Description of Capital Stock. For more information regarding our relationship with certain of the persons named below, see Related Party Transactions.

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The numbers listed below are based on shares of our common stock outstanding as of , 2012 after giving effect to the reclassification as if it had occurred on that date. As of October 1, 2012, prior to giving effect to the reclassification, we had outstanding 11,946,135 shares of Class A common stock and 1,327,115 shares of Class L common stock. The actual number of shares of common stock to be issued to each holder of Class L common stock in the reclassification is subject to change based on any changes to the initial public offering price or the date of this offering. See The Reclassification.

Name and Address of Beneficial Owner	Shares Owned Before the Offering		Shares Owned After the Offering (no option exercise)		Shares Owned After the Offering (full option exercise)	
	Number	Percentage	Number	Percentage	Number	Percentage
Beneficial owners of 5% or more of our common stock:						
Bain Capital Fund X, L.P. and related funds(1)						
Directors and Named Executive Officers:						
Joshua Bekenstein(2)						
Roger Brown(3)						
Jordan Hitch(2)						
David Humphrey(2)						
Marguerite Kondracke(4)						
Sara Lawrence-Lightfoot(5)						
David Lissy(6)						
Linda Mason(7)						
Mary Ann Tocio(8)						
Elizabeth Boland(9)						
All executive officers and directors as a group (12 persons)(10)						

* Indicates less than one percent

(1) The shares included in the table consist of: (i) shares of common stock owned by Bain Capital Fund X, L.P., whose managing partner is Bain Capital Partners X, L.P., whose managing partner is Bain Capital Investors, LLC (BCI), (ii) shares of common stock owned by BCIP Associates-G, whose managing partner is BCI, (iii) shares of common stock owned by BCIP Associates III, LLC, whose manager is BCIP Associates III, (iv) shares of common stock owned by BCIP Associates III-B LLC, whose manager is BCIP Associates III-B, (v) shares of common stock owned by BCIP T Associates III, LLC, whose manager is BCIP Trust Associates III and (vi) shares of common stock owned by BCIP T Associates III-B, LLC whose managing partner is BCIP Trust Associates III-B. BCI is the managing partner of BCIP Associates III, BCIP Associates, III-B, BCIP Trust Associates III and BCIP Trust Associates III-B. As a result of the relationships described above, BCI may be deemed to share beneficial ownership of the shares held by each of Bain Capital Fund X, L.P., BCIP Associates-G, BCIP Associates III, LLC, BCIP Associates III-B, LLC, BCIP T Associates III, LLC and BCIP T Associates III-B, LLC (collectively, the Bain Capital Entities). If the underwriters exercise in full their option to purchase additional shares, (i) Bain Capital Fund X, L.P will sell shares of common stock, (ii) BCIP Associates-G will sell shares of common stock, (iii) BCIP Associates III, LLC will sell shares of common stock, (iv) BCIP Associates III-B LLC will sell shares of common stock, (v) BCIP T Associates III, LLC will sell shares of common stock and (vi) BCIP T Associates III-B, LLC will sell shares of common stock. As of October 1, 2012 and prior to giving effect to the reclassification, the Bain Capital Entities collectively owned 11,670,003 shares of our Class A

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common stock and 1,296,667 shares of our Class L common stock. Voting and investment determinations with respect to the shares held by the Bain Capital Entities are made by an investment committee comprised of the following managing directors of BCI: Andrew Balson, Steven Barnes, Joshua Bekenstein, John Connaughton, Todd Cook, Paul Edgerley, Christopher Gordon, Blair Hendrix, Jordan Hitch, Matthew Levin, Ian Loring, Phillip Loughlin, Mark Nunnelly, Stephen Pagliuca, Ian Reynolds, Mark Verdi and Stephen Zide. As a result, and by virtue of the relationships described in this footnote, the investment committee of BCI may be deemed to exercise voting and dispositive power with respect to the shares held by the Bain Capital Entities. Each of the members of the investment committee of BCI disclaims beneficial ownership of such shares. Each of the Bain Capital Entities has an address c/o Bain Capital Partners, LLC, 200 Clarendon Street, Boston, MA 02116.

(2) Does not include shares of common stock held by the Bain Capital Entities. Each of Messrs. Bekenstein and Hitch is a Managing Director and serves on the investment committee of BCI and as a result, and by virtue of the relationships described in footnote (1) above, may be deemed to share beneficial ownership of the shares held by the Bain Capital Entities. Mr. Humphrey is a Principal of BCI. Each of Messrs. Bekenstein, Hitch and Humphrey disclaims beneficial ownership of the shares held by the Bain Capital Entities. The address for Messrs. Bekenstein, Hitch and Humphrey is c/o Bain Capital Partners, LLC, 200 Clarendon Street, Boston, MA 02116.

(3) Includes (i) shares held by the Roger H. Brown, Jr. Trust dated August 7, 1996, (ii) shares held by the Linda A. Mason Trust dated August 7, 1996, (iii) shares that may be acquired by Mr. Brown upon the exercise of outstanding options, and (iv) shares that may be acquired by Ms. Mason, Mr. Brown s spouse, upon the exercise of outstanding options. As of October 1, 2012 and prior to giving effect to the reclassification, Mr. Brown beneficially owned 76,806 shares of our Class A common stock and 8,534 shares of our Class L common stock, including (i) 7,857 shares of Class A common stock and 873 shares of Class L common stock held by the Roger H. Brown, Jr. Trust dated August 7, 1996, (ii) 40,086 shares of Class A common stock and 4,454 shares of Class L common stock held by the Linda A. Mason Trust dated August 7, 1996, (iii) 19,962 shares of Class A common stock and 2,218 shares of Class L common stock that may be acquired by Mr. Brown upon the exercise of outstanding options, and (iv) 8,901 shares of Class A common stock and 989 shares of Class L common stock that may be acquired by Ms. Mason upon the exercise of outstanding options.

(4) Includes shares of common stock that can be acquired upon the exercise of outstanding options. The share amounts included in the table do not reflect options to purchase shares of our common stock that will vest and become immediately exercisable as a result of the performance vesting condition being satisfied upon the completion of this offering. As of October 1, 2012 and prior to giving effect to the reclassification, Ms. Kondracke beneficially owned 936 shares of Class A common stock and 104 shares of Class L common stock, all of which can be acquired upon the exercise of outstanding options.

(5) Includes shares of common stock that can be acquired upon the exercise of outstanding options. The share amounts included in the table do not reflect options to purchase shares of our common stock that will vest and become immediately exercisable as a result of the performance vesting condition being satisfied upon the completion of this offering. As of October 1, 2012 and prior to giving effect to the reclassification, Dr. Lawrence-Lightfoot beneficially owned 936 shares of Class A common stock and 104 shares of Class L common stock, all of which can be acquired upon the exercise of outstanding options.

(6) Includes shares of common stock that can be acquired upon the exercise of outstanding options. The share amounts included in the table do not reflect options to purchase shares of our common stock that will vest and become immediately exercisable as a result of the performance vesting condition being satisfied upon the completion of this offering. As of October 1, 2012 and prior to giving effect to the reclassification, Mr. Lissy beneficially owned

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161,379 shares of Class A common stock and 17,931 shares of Class L common stock, including 84,951 shares of Class A common stock and 9,439 shares of Class L common stock that can be acquired upon the exercise of outstanding options.

(7) Includes (i) shares held by the Linda A. Mason, Jr. Trust dated August 7, 1996, (ii) shares held by the Roger H. Brown Trust dated August 7, 1996, (iii) shares that may be acquired by Ms. Mason upon the exercise of outstanding options, and (iv) shares that may be acquired by Mr. Brown, Ms. Mason s spouse, upon the exercise of outstanding options. As of October 1, 2012 and prior to giving effect to the reclassification, Ms. Mason beneficially owned 76,806 shares of our Class A common stock and 8,534 shares of our Class L common stock, including (i) 40,086 shares of Class A common stock and 4,454 shares of Class L common stock held by the Linda A. Mason Trust dated August 7, 1996, (ii) 7,857 shares of Class A common stock and 873 shares of Class L common stock held by the Roger H. Brown, Jr. Trust dated August 7, 1996, (iii) 19,962 shares of Class A common stock and 2,218 shares of Class L common stock that may be acquired by Mr. Brown upon the exercise of outstanding options, and (iv) 8,901 shares of Class A common stock and 989 shares of Class L common stock that may be acquired by Ms. Mason upon the exercise of outstanding options.

(8) Includes shares of common stock that can be acquired upon the exercise of outstanding options. The share amounts included in the table do not reflect options to purchase shares of our common stock that will vest and become immediately exercisable as a result of the performance vesting condition being satisfied upon the completion of this offering. As of October 1, 2012 and prior to giving effect to the reclassification, Ms. Tocio beneficially owned 153,297 shares of Class A common stock and 17,033 shares of Class L common stock, including 96,606 shares of Class A common stock and 10,734 shares of Class L common stock that can be acquired upon the exercise of outstanding options.

(9) Includes shares of common stock that can be acquired upon the exercise of outstanding options. The share amounts included in the table do not reflect options to purchase shares of our common stock that will vest and become immediately exercisable as a result of the performance vesting condition being satisfied upon the completion of this offering. As of October 1, 2012 and prior to giving effect to the reclassification, Ms. Boland beneficially owned 57,042 shares of Class A common stock and 6,338 shares of Class L common stock, including 30,141 shares of Class A common stock and 3,349 shares of Class L common stock that can be acquired upon the exercise of outstanding options.

(10) Includes shares of common stock that can be acquired upon the exercise of outstanding options. The share amounts included in the table do not reflect options to purchase shares of our common stock that will vest and become immediately exercisable as a result of the performance vesting condition being satisfied upon the completion of this offering. As of October 1, 2012 and prior to giving effect to the reclassification, all executive officers and directors as a group beneficially owned 489,897 shares of Class A common stock and 45,934 shares of Class L common stock, including 271,638 shares of Class A common stock and 30,182 shares of Class L common stock that can be acquired upon the exercise of outstanding options.

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DESCRIPTION OF CAPITAL STOCK

General

Upon the closing of this offering, the total amount of our authorized capital stock will consist of 475,000,000 shares of common stock, par value $0.001 per share and 25,000,000 shares of undesignated preferred stock. As of June 30, 2012, before giving effect to the reclassification, we had outstanding 11,946,135 shares of Class A common stock and 1,327,115 shares of Class L common stock. In connection with the reclassification, all of the outstanding Class A common stock and Class L common stock was reclassified into shares of common stock. See The Reclassification. As of June 30, 2012, we had 24 stockholders of record of Class A common stock and 23 stockholders of record of Class L common stock and had outstanding options to purchase 1,147,419 shares of Class A common stock and 127,491 shares of Class L common stock which options were exercisable at a weighted average exercise price of $5.96 per share of Class A common stock $496.36 per share of Class L common stock.

After giving effect to this offering, we will have shares of common stock and no shares of preferred stock outstanding. The following summary describes all material provisions of our capital stock. We urge you to read our certificate of incorporation and our by-laws, which are filed as exhibits to the registration statement of which this prospectus forms a part.

Our certificate of incorporation and by-laws will contain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and which may have the effect of delaying, deferring or preventing a future takeover or change in control of our company unless such takeover or change in control is approved by our board of directors. These provisions include a classified board of directors, elimination of stockholder action by written consents (except in limited circumstances), elimination of the ability of stockholders to call special meetings (except in limited circumstances), advance notice procedures for stockholder proposals and supermajority vote requirements for amendments to our certificate of incorporation and by-laws.

Common Stock

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, holders of outstanding shares of common stock will be entitled to receive dividends out of assets legally available at the times and in the amounts as the board of directors may from time to time determine.

Voting Rights. Each outstanding share of common stock will be entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of our common stock shall have no cumulative voting rights.

Preemptive Rights. Our common stock will not be entitled to preemptive or other similar subscription rights to purchase any of our securities.

Conversion or Redemption Rights. Our common stock will be neither convertible nor redeemable.

Liquidation Rights. Upon our liquidation, the holders of our common stock will be entitled to receive pro rata our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Listing. We intend to list our common stock on the New York Stock Exchange under the symbol BFAM.

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Preferred Stock

Our board of directors may, without further action by our stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges, and relative participating, optional or special rights as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without stockholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock and the market value of our common stock. Upon consummation of this offering, there will be no shares of preferred stock outstanding, and we have no present intention to issue any shares of preferred stock.

Anti-Takeover Effects of our Certificate of Incorporation and By-laws

Our certificate of incorporation and by-laws will contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and which may have the effect of delaying, deferring or preventing a future takeover or change in control of the company unless such takeover or change in control is approved by the board of directors.

These provisions include:

Classified Board. Our certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes as nearly equal in number as possible. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board. Our certificate of incorporation will also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our board of directors. Upon completion of this offering, our board of directors will have ten members.

Action by Written Consent; Special Meetings of Stockholders. Our certificate of incorporation will provide that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting once investment funds affiliated with the Sponsor cease to beneficially own more than 50% of our outstanding shares. Our certificate of incorporation and the by-laws will also provide that, except as otherwise required by law, special meetings of the stockholders can only be called by the chairman or vice-chairman of the board, the chief executive officer, or pursuant to a resolution adopted by a majority of the board of directors or, until the date that investment funds affiliated with the Sponsor cease to beneficially own more than 50% of our outstanding shares, at the request of holders of 50% or more of our outstanding shares. Except as described above, stockholders will not be permitted to call a special meeting or to require the board of directors to call a special meeting.

Removal of Directors. Our certificate of incorporation will provide that our directors may be removed only for cause by the affirmative vote of at least 75% of the voting power of our outstanding

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shares of capital stock, voting together as a single class. This requirement of a supermajority vote to remove directors could enable a minority of our stockholders to prevent a change in the composition of our board.

Advance Notice Procedures. Our by-laws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in proper form, of the stockholder s intention to bring that business before the meeting. Although the by-laws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the by-laws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Super Majority Approval Requirements. The Delaware General Corporation Law generally provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation s certificate of incorporation or by-laws, unless either a corporation s certificate of incorporation or by-laws requires a greater percentage. Our certificate of incorporation and by-laws will provide that the affirmative vote of holders of at least 75% of the total votes eligible to be cast in the election of directors will be required to amend, alter, change or repeal specified provisions once investment funds affiliated with the Sponsor cease to beneficially own more than 50% of our outstanding shares. This requirement of a supermajority vote to approve amendments to our certificate of incorporation and by-laws could enable a minority of our stockholders to exercise veto power over any such amendments.

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Business Combinations with Interested Stockholders. We have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law, an antitakeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation s voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are not subject to any anti-takeover effects of Section 203. However, our certificate of incorporation will contain provisions that have the same effect as Section 203, except that they provide that our Sponsor, certain of its transferees, and its affiliates will not be deemed to be interested stockholders, regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions.

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Corporate Opportunities

Our restated certificate of incorporation will provide that we renounce any interest or expectancy of the Company in the business opportunities of the Sponsor and of its officers, directors, agents, shareholders, members, partners, affiliates and subsidiaries and each such party shall not have any obligation to offer us those opportunities unless presented to a director or officer of the Company in his or her capacity as a director or officer of the Company.

Limitations on Liability and Indemnification of Officers and Directors

Our restated certificate of incorporation will limit the liability of our directors to the fullest extent permitted by the Delaware General Corporation Law and provides that we will indemnify them to the fullest extent permitted by such law. We expect to enter into indemnification agreements with our current directors and executive officers prior to the completion of this offering and expect to enter into a similar agreement with any new directors or executive officers. We expect to increase our directors and officers liability insurance coverage prior to the completion of this offering.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Wells Fargo Shareowner Services℠. Its address is Shareowner Services, PO Box 64874, St. Paul, MN 55164-0854. Its telephone number is 1-800-401-1957.

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SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock, and we cannot predict what effect, if any, market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of common stock, including shares issued upon the exercise of outstanding options and warrants, in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate.

Upon the closing of this offering, we will have outstanding an aggregate of approximately shares of common stock. In addition, options and warrants to purchase an aggregate of approximately shares of our common stock will be outstanding as of the closing of this offering. Of the outstanding shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except any shares purchased by our affiliates, as that term is defined in Rule 144 under the Securities Act, may be sold only in compliance with the limitations described below. The remaining outstanding shares of common stock will be deemed restricted securities, as defined under Rule 144. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which we summarize below. All of these shares will be subject to lock-up agreements described below.

Taking into account the lock-up agreements described below, and assuming Goldman, Sachs & Co., J.P. Morgan Securities LLC and Barclays Capital Inc. do not release stockholders from these agreements, the following shares will be eligible for sale in the public market at the following times, subject to the provisions of Rule 144 and Rule 701:

Date Available for Resale	Shares Eligible For Sale	Comment
On the date of this offering (, 2012)		Shares eligible for sale under Rule 144 and Rule 701
180 days (, 2013), as such period may be extended as described below		Lock-up released, shares eligible for sale under Rule 144 (subject, in some instances, to volume limitations) and Rule 701

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, a person who is not our affiliate and has not been our affiliate at any time during the preceding three months will be entitled to sell any shares of our common stock that such person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, without regard to volume limitations. Sales of our common stock by any such person would be subject to the availability of current public information about us if the shares to be sold were beneficially owned by such person for less than one year.

Approximately shares of our common stock that are not subject to the lock-up agreements described above will be eligible for sale under Rule 144 immediately upon the closing of this offering.

Beginning 90 days after the date of this prospectus, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering, assuming an initial public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus; and

- the average weekly trading volume in our common stock on the New York Stock Exchange during the four calendar weeks preceding the date of filing of a Notice of Proposed Sale of Securities Pursuant to Rule 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, in the case of affiliates, without having to comply with the holding period requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, holding period, volume limitation or notice filing requirements of Rule 144.

Lock-Up Agreements

Our officers, directors and other stockholders owning an aggregate of shares of our common stock will be subject to lock-up agreements with the underwriters that will restrict the sale of the shares of our common stock held by them for 180 days, subject to certain exceptions and automatic extensions. See Underwriting for a description of these lock-up agreements.

Registration Statements on Form S-8

Immediately after the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock issued or reserved for future issuance under our Amended and Restated 2008 Equity Incentive Plan and our 2012 Omnibus Long-Term Incentive Plan. This registration statement would cover approximately shares. Shares registered under the registration statement will generally be available for sale in the open market after the 180-day lock-up period immediately following the date of this prospectus (as such period may be extended in certain circumstances).

Registration Rights

Beginning 180 days after the date of this prospectus, subject to certain exceptions and automatic extensions in certain circumstances, holders of shares of our common stock will be entitled to the rights described under Related Party Transactions Registration Rights Agreement. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon effectiveness of the registration.

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MATERIAL U.S. FEDERAL TAX CONSIDERATIONS

FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a summary of the material U.S. federal income and estate tax considerations relating to the purchase, ownership and disposition of our common stock by Non-U.S. Holders (defined below). This summary does not purport to be a complete analysis of all the potential tax considerations relevant to Non-U.S. Holders of our common stock. This summary is based upon the Internal Revenue Code, the Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change at any time, possibly on a retroactive basis.

This summary assumes that shares of our common stock are held as capital assets within the meaning of Section 1221 of the Internal Revenue Code (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income and estate taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities, certain U.S. expatriates, tax-exempt organizations, pension plans, controlled foreign corporations , passive foreign investment companies , corporations that accumulate earnings to avoid U.S. federal income tax, persons in special situations, such as those who have elected to mark securities to market or those who hold common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, persons that have a functional currency other than the U.S. dollar, or holders subject to the alternative minimum or the unearned income Medicare contribution tax). In addition, except as explicitly addressed herein with respect to estate tax, this summary does not address estate and gift tax considerations or considerations under the tax laws of any state, local or non-U.S. jurisdiction.

For purposes of this summary, a Non-U.S. Holder means a beneficial owner of common stock that for U.S. federal income tax purposes is not classified as a partnership and is not:

- an individual who is a citizen or resident of the United States;
- a corporation or any other organization taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the trust s administration and one or more U.S. persons have the authority to control all of the trust s substantial decisions or (2) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partnerships and other entities that are classified as partnerships for U.S. federal income tax purposes and persons holding our common stock through a partnership or other entity classified as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors.

There can be no assurance that the Internal Revenue Service (IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain a ruling from the IRS with respect to the U.S. federal income or estate tax consequences to a Non-U.S. Holder of the purchase, ownership or disposition of our common stock.

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THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO BE TAX ADVICE. NON-U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME AND ESTATE TAXATION, STATE, LOCAL AND NON-U.S. TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK.

Distributions on Our Common Stock

As discussed under Dividend Policy above, we do not currently expect to pay dividends. In the event that we do make a distribution of cash or property with respect to our common stock, any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will constitute a return of capital and will first reduce the holder s adjusted tax basis in our common stock, but not below zero. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock. Any such distribution would also be subject to the discussion below under the section titled Additional Withholding and Reporting Requirements.

Dividends paid to a Non-U.S. Holder generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides us or our agent, as the case may be, with the appropriate IRS Form W-8, such as:

- IRS Form W-8BEN (or successor form) certifying, under penalties of perjury, a reduction in withholding under an applicable income tax treaty, or

- IRS Form W-8ECI (or successor form) certifying that a dividend paid on common stock is not subject to withholding tax because it is effectively connected with a trade or business in the United States of the Non-U.S. Holder (in which case such dividend generally will be subject to regular graduated U.S. tax rates as described below).

The certification requirement described above must be provided to us or our agent prior to the payment of dividends and must be updated periodically. The certification also may require a Non-U.S. Holder that provides an IRS form or that claims treaty benefits to provide its U.S. taxpayer identification number. Special certification and other requirements apply in the case of certain Non-U.S. Holders that hold shares of our common stock through intermediaries or are pass-through entities for U.S. federal income tax purposes.

Each Non-U.S. Holder is urged to consult its own tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the applicable form has actual knowledge or reason to know that the statements on the form are false.

If dividends are effectively connected with a trade or business in the United States of a Non-U.S. Holder (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment), the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certifications described above are satisfied), generally will be subject to U.S. federal income tax on such dividends on a net income basis in the same manner as if it were a resident of the United States. In addition, if a Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, the Non-U.S. Holder may be subject to an additional branch profits tax equal to 30% (unless reduced by an applicable income treaty) of its earnings and profits in respect of such effectively connected dividend income.

Non-U.S. Holders that do not timely provide us or our agent with the required certification, but which are eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, may obtain a refund or credit of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

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Gain on Sale, Exchange or Other Taxable Disposition of Our Common Stock

Subject to the discussion below under the section titled Additional Withholding and Reporting Requirements , in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized upon such holder s sale, exchange or other taxable disposition of shares of our common stock unless (i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met, (ii) we are or have been a United States real property holding corporation , as defined in the Internal Revenue Code (a USRPHC), at any time within the shorter of the five-year period preceding the disposition and the Non-U.S. Holder s holding period in the shares of our common stock, and certain other requirements are met, or (iii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which such Non-U.S. Holder s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition. If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain on a net income basis in the same manner as if it were a resident of the United States and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to any earnings and profits attributable to such gain at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

Generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests (as defined in the Internal Revenue Code) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance in this regard, we believe that we are not, and do not anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we became a USRPHC, a Non-U.S. Holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of our common stock by reason of our status as USRPHC so long as our common stock is regularly traded on an established securities market at any time during the calendar year in which the disposition occurs and such Non-U.S. Holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our common stock at any time during the shorter of the five year period ending on the date of disposition and the holder s holding period. However, no assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rules described above. Prospective investors are encouraged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

Additional Withholding and Reporting Requirements

Legislation enacted in March 2010 (commonly referred to as FATCA) generally will impose U.S. federal withholding at a rate of 30% on payments to certain non-U.S. entities (including certain intermediaries) of dividends on and the gross proceeds from a sale or other disposition of our common stock, unless such persons comply with a complicated U.S. information reporting, disclosure and certification regime. This new regime requires, among other things, a broad class of persons to enter into agreements with the IRS to obtain disclose and report information about their investors and account holders. This new regime and its requirements are different from and in addition to the certification requirements described elsewhere in this discussion. As currently proposed, the FATCA withholding rules would apply to dividend payments on our common stock, if any, paid after December 31, 2013, and to payments of gross proceeds from the sale or other disposition of our common stock that occurs after December 31, 2014.

Although administrative guidance and proposed regulations have been issued, regulations implementing the new FATCA regime have not yet been finalized and the exact scope of these rules remains unclear and potentially subject to material changes. Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in our common stock, and the entities through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

Backup Withholding and Information Reporting

We must report annually to the IRS and to each Non-U.S. Holder the gross amount of the distributions on our common stock paid to the holder and the tax withheld, if any, with respect to the distributions. Non-U.S. Holders may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Internal Revenue Code) in order to avoid backup withholding at the applicable rate, currently 28% and scheduled to increase to 31% for taxable years 2013 and thereafter, with respect to dividends on our common stock. Dividends paid to Non-U.S. Holders subject to the U.S. withholding tax, as described above under the section titled Distributions on Our Common Stock, generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our common stock by a Non-U.S. Holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a Non-U.S. Holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Prospective investors should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or, in which the Non-U.S. Holder is incorporated, under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder can be refunded or credited against the Non-U.S. Holder s U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Federal Estate Tax

Common stock owned (or treated as owned) by an individual who is not a citizen or a resident of the United States (as defined for U.S. federal estate tax purposes) at the time of death will be included in the individual s gross estate for U.S. federal estate tax purposes unless an applicable estate or other tax treaty provides otherwise, and therefore, may be subject to U.S. federal estate tax.

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UNDERWRITING

The company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., J.P. Morgan Securities LLC and Barclays Capital Inc. are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Barclays Capital Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
Robert W. Baird & Co. Incorporated	
BMO Capital Markets Corp.	
Stifel, Nicolaus & Company, Incorporated	
SMBC Nikko Capital Markets Limited	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by the company. Such amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares.

Paid by the Company

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

The company and its officers, directors, and holders of substantially all of the company s common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See Shares Eligible for Future Sale for a discussion of certain transfer restrictions.

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At our request, the underwriters have reserved for sale, at the initial public offering price, up to % of the shares offered by this prospectus for sale to some of our directors, officers, employees and certain other persons who are otherwise associated with us through a directed share program. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

The 180-day restricted period described in the second preceding paragraph will be automatically extended if, during any period that the Company is not an emerging growth company, (1) during the last 17 days of the 180-day restricted period the company issues an earnings release or announces material news or a material event; or (2) prior to the expiration of the 180-day restricted period, the company announces that it will release earnings results during the 15-day period following the last day of the 180-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release of the announcement of the material news or material event.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company s historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company s management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list the common stock on the New York Stock Exchange under the symbol BFAM . In order to meet one of the requirements for listing the common stock on the New York Stock Exchange, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A covered short position is a short position that is not greater than the amount of additional shares for which the underwriters option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. Naked short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company s stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on a stock exchange, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We estimate that our total expenses for this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses but excluding underwriting discounts and commissions, will be approximately $.

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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United Kingdom

Each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Relationships with the Underwriters

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

An affiliate of Goldman, Sachs & Co. will receive all or a substantial portion of the net proceeds of this offering. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority. See Conflict of Interest.

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Certain of the underwriters have historically been customers of ours, and the underwriters may engage in transactions with us in the ordinary course of our business.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

SMBC Nikko Capital Markets Limited is not a U.S. registered broker-dealer and, therefore, intends to participate in the offering outside of the United States and, to the extent that the offering is within the United States, as facilitated by an affiliated U.S. registered broker-dealer, SMBC Nikko Securities America, Inc. (SMBC Nikko-SI), as permitted under applicable law. To that end, SMBC Nikko Capital Markets Limited and SMBC Nikko-SI have entered into an agreement pursuant to which SMBC Nikko-SI provides certain advisory and/or other services with respect to this offering. In return for the provision of such services by SMBC Nikko-SI, SMBC Nikko Capital Markets Limited will pay to SMBC Nikko-SI a mutually agreed fee.

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CONFLICT OF INTEREST

Certain affiliates of Goldman, Sachs & Co., an underwriter in this offering, beneficially own all of our 11.5% senior subordinated notes due 2018 and our 13.0% senior notes due 2018. We intend to use all or a portion of the net proceeds of this offering to redeem the entire outstanding principal amount of the 13.0% senior notes due 2018 and to pay accrued interest thereon. See Use of Proceeds. As a result, certain affiliates of Goldman, Sachs & Co. will receive all or a substantial portion of the net proceeds of this offering. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. Rule 5121 requires that a qualified independent underwriter meeting certain standards participate in the preparation of the registration statement and prospectus and exercise the usual standards of due diligence with respect thereto. J.P. Morgan Securities LLC has agreed to act as a qualified independent underwriter within the meaning of Rule 5121 in connection with this offering. Goldman, Sachs & Co. will not confirm sales of the shares to any account over which they exercise discretionary authority without the prior written approval of the customer.

LEGAL MATTERS

The validity of the issuance of the shares of common stock to be sold in this offering will be passed upon for us by Ropes & Gray LLP, Boston, Massachusetts. Some attorneys of Ropes & Gray LLP are members in RGIP, LLC, which is a direct investor in Bright Horizons Family Solutions Inc. and is also an investor in certain investment funds affiliated with Bain Capital Partners, LLC. RGIP, LLC directly and indirectly owns less than 1% of our common stock. The validity of the common stock offered hereby will be passed upon on behalf of the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

The financial statements as of December 31, 2010 and 2011, and for each of the three years in the period ended December 31, 2011, included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the registration statement. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Huntyard Limited as of December 31, 2011 and 2010 and for the years then ended included in this prospectus have been so included in reliance on the reports of BDO LLP, United Kingdom, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of such firm as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock being offered by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement. For further information with respect to us and the shares of our common stock, reference is made to the registration statement and the exhibits and schedules filed as a part thereof. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete. We are not currently subject to the informational requirements of the Securities Exchange Act of 1934. As a result of the offering of the shares of our common stock, we will become subject to the informational requirements of the Exchange Act and, in accordance therewith, will file reports and other information with the SEC. The registration statement, such reports and other information can be inspected and copied at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC s website at *www.sec.gov*.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Bright Horizons Family Solutions Inc.

Huntyard Limited

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Bright Horizons Family Solutions Inc.

Watertown, Massachusetts

We have audited the accompanying consolidated balance sheets of Bright Horizons Family Solutions Inc. (the Company) as of December 31, 2010 and 2011, and the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders equity (deficit), and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Bright Horizons Family Solutions Inc. as of December 31, 2010 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts

August 30, 2012

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	December 31, 2010	December 31, 2011	June 30, 2012 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 15,438	$ 30,448	$ 62,764
Accounts receivable net	59,122	60,656	48,314
Income taxes receivable	18,118	17	-
Prepaid expenses and other current assets	20,104	20,485	22,787
Prepaid income taxes	8,862	2,070	160
Current deferred income taxes	9,498	10,529	10,859
Total current assets	131,142	124,205	144,884
Fixed assets net	219,837	237,157	313,060
Goodwill	887,895	947,371	990,894
Other intangibles net	475,115	453,117	444,270
Deferred income taxes	204	1,814	717
Other assets	7,499	7,500	7,506
Total assets	$ 1,721,692	$ 1,771,164	$ 1,901,331
LIABILITIES, NONCONTROLLING INTEREST AND STOCKHOLDERS DEFICIT			
Current liabilities:			
Current portion of long-term debt	$ 3,654	$ 4,814	$ 850
Line of credit payable	18,500	-	-
Accounts payable and accrued expenses	73,688	89,033	113,737
Deferred revenue	82,306	90,845	90,338
Other current liabilities	7,715	8,980	20,326
Total current liabilities	185,863	193,672	225,251
Long-term debt	773,304	794,443	890,510
Accrued rent and related obligations	15,194	18,580	20,098
Other long-term liabilities	18,473	22,526	22,913
Deferred revenue	4,251	3,878	4,106
Deferred income taxes	160,407	156,144	143,322
Total liabilities	1,157,492	1,189,243	1,306,200
Commitments and contingencies (Note 14)			
Redeemable noncontrolling interest	-	15,527	15,296
Common stock, Class L, $0.001 par value, at accreted distribution value:			
Authorized: 5,000,000 shares			
Issued: 1,318,442, 1,318,970, and 1,337,580 shares at December 31, 2010 and 2011 and June 30, 2012, respectively			
Outstanding: 1,317,053, 1,317,581, and 1,327,115 shares at December 31, 2010 and 2011 and June 30, 2012, respectively	699,533	772,422	811,548
Stockholders deficit:			
Common stock, Class A, $0.001 par value:			
Authorized: 50,000,000 shares			
Issued: 11,865,978, 11,870,730, and 12,040,320 shares at December 31, 2010 and 2011 and June 30, 2012, respectively			
	12	12	12

Outstanding: 11,853,477, 11,858,229, and 11,946,135 shares at December 31, 2010 and 2011 and June 30, 2012, respectively			
Additional paid-in capital	125,734	126,926	144,063
Treasury stock, at cost: 12,501 Class A shares at December 31, 2010 and 2011, and 94,185 Class A shares at June 30, 2012	(125)	(125)	(622)
Accumulated other comprehensive loss	(10,357)	(14,161)	(15,935)
Accumulated deficit	(250,597)	(318,680)	(359,231)
Total stockholders deficit	(135,333)	(206,028)	(231,713)
Total liabilities, noncontrolling interest, common stock and stockholders deficit	$ 1,721,692	$ 1,771,164	$ 1,901,331

See notes to consolidated financial statements.

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share data)

	Years ended December 31, 2009	2010	2011	Six months ended June 30, 2011	2012
				(Unaudited)	
Revenue	$ 852,323	$ 878,159	$ 973,701	$ 480,939	$ 529,585
Cost of services	672,793	698,264	766,500	376,321	407,012
Gross profit	179,530	179,895	207,201	104,618	122,573
Selling, general and administrative expenses	82,798	83,601	92,938	45,196	67,226
Amortization	29,960	27,631	27,427	13,661	13,182
Income from operations	66,772	68,663	86,836	45,761	42,165
Gains from foreign currency transactions	-	-	835	-	-
Interest income	132	28	824	22	62
Interest expense	(83,228)	(88,999)	(82,908)	(43,603)	(40,432)
Income (loss) before income taxes	(16,324)	(20,308)	5,587	2,180	1,795
Income tax benefit (expense)	6,789	10,314	(825)	(924)	(119)
Net (loss) income	(9,535)	(9,994)	4,762	1,256	1,676
Net income attributable to noncontrolling interest	-	-	3	-	134
Net income (loss) attributable to Bright Horizons Family Solutions Inc.	$ (9,535)	$ (9,994)	$ 4,759	$ 1,256	$ 1,542
Accretion of Class L preference	58,559	64,712	71,568	34,603	38,102
Accretion of Class L preference for vested options	1,171	1,251	1,274	623	3,992
Net loss available to common shareholders	$ (69,265)	$ (75,957)	$ (68,083)	$ (33,970)	$ (40,552)
Allocation of net (loss) income to common stockholders basic and diluted:					
Class L	$ 58,559	$ 64,712	$ 71,568	$ 34,603	$ 38,102
Class A	$ (69,265)	$ (75,957)	$ (68,083)	$ (33,970)	$ (40,552)
Earnings (loss) per share:					
Class L basic and diluted	$ 44.52	$ 49.21	$ 54.33	$ 26.27	$ 28.75
Class A basic and diluted	$ (5.85)	$ (6.42)	$ (5.74)	$ (2.87)	$ (3.40)
Weighted average number of common shares outstanding:					
Class L basic and diluted	1,315,267	1,315,153	1,317,273	1,317,053	1,325,297
Class A basic and diluted	11,837,402	11,836,374	11,855,632	11,853,477	11,929,773

See notes to consolidated financial statements.

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands)

	Years ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
				(Unaudited)	
Net (loss) income	$ (9,535)	$ (9,994)	$ 4,762	$ 1,256	$ 1,676
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	4,185	(1,799)	(5,343)	2,382	(2,139)
Comprehensive (loss) income	(5,350)	(11,793)	(581)	3,638	(463)
Less comprehensive loss attributable to noncontrolling interest	-	-	1,536	-	231
Comprehensive (loss) income attributable to Bright Horizons Family Solutions Inc.	$ (5,350)	$ (11,793)	$ 955	$ 3,638	$ (232)
Accretion of Class L preference	58,559	64,712	71,568	34,603	38,102
Accretion of Class L preference for vested options	1,171	1,251	1,274	623	3,992
Comprehensive (loss) attributable to common shareholders	$ (65,080)	$ (77,756)	$ (71,887)	$ (31,588)	$ (42,326)

See notes to consolidated financial statements.

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (DEFICIT)

(In thousands, except share data)

	Common Stock Class A Shares	Common Stock Class A Amount	Additional Paid In Capital	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders Equity (Deficit)
Balance at January 1, 2009	**11,842,236**	**$ 12**	**$ 120,996**	**$ (18)**	**$ (12,743)**	**$ (105,375)**	**$ 2,872**
Stock-based compensation			2,325				2,325
Exercise of stock options	3,078	-	8				8
Purchase of treasury stock				(85)			(85)
Translation adjustments					4,185		4,185
Accretion of Class L preference						(59,731)	(59,731)
Net loss						(9,535)	(9,535)
Balance at December 31, 2009	**11,845,314**	**12**	**123,329**	**(103)**	**(8,558)**	**(174,641)**	**(59,961)**
Stock-based compensation			2,354				2,354
Exercise of stock options	20,664	-	51				51
Purchase of treasury stock				(22)			(22)
Translation adjustments					(1,799)		(1,799)
Accretion of Class L preference						(65,962)	(65,962)
Net loss						(9,994)	(9,994)
Balance at December 31, 2010	**11,865,978**	**12**	**125,734**	**(125)**	**(10,357)**	**(250,597)**	**(135,333)**
Stock-based compensation			1,158				1,158
Exercise of stock options	4,752	-	12				12
Tax benefit from stock option exercises			22				22
Translation adjustments					(3,804)		(3,804)
Accretion of Class L preference						(72,842)	(72,842)
Net income attributable to Bright Horizons Family Solutions Inc.						4,759	4,759
Balance at December 31, 2011	**11,870,730**	**12**	**126,926**	**(125)**	**(14,161)**	**(318,680)**	**(206,028)**

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (DEFICIT)

(In thousands, except share data) *(continued)*

	Common Stock Class A		Additional	Treasury	Accumulated Other		Total
	Shares	Amount	Paid In Capital	Stock, at Cost	Comprehensive Loss	Accumulated Deficit	Stockholders Equity (Deficit)
Stock-based compensation (unaudited)			15,799				15,799
Exercise of stock options (unaudited)	169,590	-	440				440
Tax benefit from stock option exercises (unaudited)			898				898
Purchase of treasury stock (unaudited)				(497)			(497)
Translation adjustments (unaudited)					(1,774)		(1,774)
Accretion of Class L preference (unaudited)						(42,093)	(42,093)
Net income attributable to Bright Horizons Family Solutions Inc. (unaudited)						1,542	1,542
Balance at June 30, 2012 (unaudited)	**12,040,320**	**$ 12**	**$ 144,063**	**$ (622)**	**$ (15,935)**	**$ (359,231)**	**$ (231,713)**

See notes to consolidated financial statements.

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years ended December 31, 2009	2010	2011	Six months ended June 30, 2011 (Unaudited)	2012
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net (loss) income	$ (9,535)	$ (9,994)	$ 4,762	$ 1,256	$ 1,676
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation and amortization	53,225	53,320	55,451	26,966	29,285
Amortization of original issue discount and deferred financing costs	5,973	6,143	6,330	3,251	3,332
Interest paid in kind	16,183	18,392	20,902	10,117	11,497
Change in the fair value of the interest rate cap	(1,984)	2,258	641	503	64
(Gain) loss on foreign currency transactions	-	-	(835)	-	102
Non-cash revenue and other	(868)	(983)	(342)	(159)	(159)
Impairment losses on long-lived assets and intangibles	-	-	1,262	-	400
Loss (gain) on disposal of fixed assets	574	497	(636)	263	491
Stock-based compensation	2,325	2,354	1,158	583	15,799
Deferred income taxes	1,543	(13,570)	(5,872)	(184)	(13,310)
Changes in assets and liabilities:					
Accounts receivable	4,435	(6,968)	(1,487)	19,235	12,688
Prepaid expenses and other current assets	(2,193)	2,241	259	(652)	(558)
Income taxes	(17,239)	447	27,321	9,177	7,673
Accounts payable and accrued expenses	8,337	(1,723)	13,303	13,100	17,767
Deferred revenue	(1,396)	8,592	7,937	(8,093)	(1,356)
Accrued rent and related obligations	3,059	5,791	2,968	1,885	1,515
Other assets	1,892	2,244	614	208	(92)
Other current and long-term liabilities	(459)	1,078	(166)	1,556	3,629
Net cash provided by operating activities	63,872	70,119	133,570	79,012	90,443
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of fixed assets	(43,616)	(39,522)	(42,517)	(18,680)	(27,688)
Proceeds from the disposal of fixed assets	18	5	4,851	9	-
Payments for acquisitions net of cash acquired	(17,775)	(6,387)	(57,326)	(25,900)	(108,168)
Net cash used in investing activities	(61,373)	(45,904)	(94,992)	(44,571)	(135,856)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments of long-term debt	(3,683)	(3,656)	(4,933)	(4,932)	(5,048)
Borrowings (repayments) on line of credit net	6,400	(20,300)	(18,500)	(17,500)	-
Borrowings of long-term debt, net of issuance costs of $2.3 million	-	-	-	-	82,321
Purchase of interest rate cap	(984)	-	-	-	-
Purchase of company stock	(422)	(111)	-	-	(5,140)
Proceeds from issuance of company stock	38	258	59	-	2,115
Tax benefit from stock-based compensation	71	312	93	-	3,506
Net cash provided by (used in) financing activities	1,420	(23,497)	(23,281)	(22,432)	77,754
Effect of exchange rates on cash and cash equivalents	563	360	(287)	222	(25)
Net increase in cash and cash equivalents	4,482	1,078	15,010	12,231	32,316
Cash and cash equivalents beginning of period	9,878	14,360	15,438	15,438	30,448

Cash and cash equivalents end of period	$ 14,360	$ 15,438	$ 30,448	$ 27,669	$ 62,764
SUPPLEMENTAL CASH FLOW INFORMATION:					
Cash payments of interest	$ 62,918	$ 62,111	$ 54,706	$ 29,671	$ 16,802
Cash payments of taxes	$ 10,525	$ 2,738	$ 3,062	$ 1,704	$ 3,035
Non-cash accretion of Class L common stock preferred return	$ 59,731	$ 65,962	$ 72,842	$ 35,226	$ 42,093

See notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010 AND 2011 AND JUNE 30, 2012 AND FOR THE YEARS ENDED

DECEMBER 31, 2009, 2010, AND 2011 AND THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization Bright Horizons Family Solutions Inc. (Bright Horizons or the Company) provides workplace services for employers and families throughout the United States, Puerto Rico, Canada, the United Kingdom, Ireland, the Netherlands, and India. Workplace services include center-based child care, education and enrichment programs, elementary school education, back-up dependent care (for children and elders), before and after school care, college preparation and admissions counseling, tuition reimbursement program management, and other family support services.

The Company operates its child care and early education centers under various types of arrangements, which generally can be classified into two categories: (i) the management or cost plus (Cost Plus) model, where Bright Horizons manages a work-site child care and early education center under a cost-plus arrangement with an employer sponsor, and (ii) the profit and loss (P&L) model, where the Company assumes the financial risk of the child care and early education center s operations. The P&L model may be operated under either (a) the sponsored model, where Bright Horizons provides child care and early educational services on a priority enrollment basis for employees of an employer sponsor, or (b) the lease/consortium model, where the Company provides priority child care and early education to the employees of multiple employers located within a real estate developer s property or the community at large. Under each model type the Company retains responsibility for all aspects of operating the child care and early education center, including the hiring and paying of employees, contracting with vendors, purchasing supplies, and collecting tuition and related accounts receivable.

Basis of Presentation On May 28, 2008, Bright Horizons Family Solutions, Inc. (the Predecessor) completed a transaction (the Merger) with affiliates of Bain Capital Partners, LLC (Bain), pursuant to which a wholly-owned subsidiary of Bain was merged with and into the Predecessor, which converted to a single member limited liability corporation (LLC), Bright Horizons Family Solutions LLC, and continued as the surviving corporation. Bright Horizons Family Solutions LLC is a wholly-owned subsidiary of Bright Horizons Capital Corp., which is in turn a wholly-owned subsidiary of Bright Horizons Solutions Corp., a subsidiary controlled by affiliates of Bain. In July 2012, Bright Horizons Solutions Corp. changed its name to Bright Horizons Family Solutions Inc.

As part of the Merger, a new basis of accounting was established and the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values.

Principles of Consolidation The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Statements The consolidated financial statements and related notes as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 are unaudited. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements. In the opinion of the Company s management, the accompanying unaudited interim consolidated financial statements contain all adjustments which are necessary to present fairly its financial position at June 30, 2012, and the results of its operations and cash flows for the six months ended June 30, 2011 and 2012. Such adjustments are of a normal and

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010 AND 2011 AND JUNE 30, 2012 AND FOR THE YEARS ENDED

DECEMBER 31, 2009, 2010, AND 2011 AND THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 ***(continued)***

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

recurring nature. The results for the six months ended June 30, 2012 are not indicative of the results for the year ended December 31, 2012, or for any future period.

Use of Estimates The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. The Company s significant accounting policies in the preparation of the consolidated financial statements relate to revenue recognition, goodwill and other intangibles and common stock valuation and stock-based compensation. Actual results may differ from management s estimates.

Foreign Operations The functional currency of the Company s foreign subsidiaries is their local currency. The assets and liabilities of the Company s foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effect for subsidiaries using a functional currency other than the U.S. dollar is included in accumulated other comprehensive income or loss as a separate component of stockholders equity.

The Company s intercompany accounts are denominated in the functional currency of the foreign subsidiary. Gains and losses resulting from the remeasurement of intercompany receivables that the Company considers to be of a long-term investment nature are recorded as a cumulative translation adjustment in accumulated other comprehensive income or loss as a separate component of stockholders equity, while gains and losses resulting from the remeasurement of intercompany receivables from those foreign subsidiaries for which the Company anticipates settlement in the foreseeable future are recorded in the consolidated statement of operations. The net gains and losses recorded in the consolidated statement of operations for the years ended December 31, 2009 and 2010 were not significant. The Company recorded net foreign currency gains of $0.8 million in the consolidated statement of operations for the year ended December 31, 2011 as a result of the settlement of an intercompany note during the year.

Fair Value of Financial Instruments The Company estimates fair value for certain assets and liabilities and categorizes them based upon the level of judgment associated with the inputs used to measure their fair value and the level of market price observability.

The Company also develops internal estimates of fair value when the volume and level of activity for the asset or liability has significantly decreased or in those circumstances that indicate when a transaction is not orderly.

Financial instruments measured and reported at fair value are classified in one of the following categories:

Level 1 Quoted prices are available in active markets for identical investments as of the reporting date.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010 AND 2011 AND JUNE 30, 2012 AND FOR THE YEARS ENDED

DECEMBER 31, 2009, 2010, AND 2011 AND THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 ***(continued)***

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Valuation policies and procedures are managed by the Company s finance group. Fair value measurements, including those categorized as Level 3, are prepared and reviewed at each reporting period.

The Company s financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, and short and long-term debt. The fair value of the Company s financial instruments, with the exception of long-term debt, approximates the carrying value due to their short-term nature. The following table shows the carrying value and the fair value of the Company s long-term debt at December 31, 2010 and 2011, and June 30, 2012 (in millions):

	December 31, 2010		December 31, 2011		June 30, 2012 (Unaudited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$ 809	$ 870	$ 825	$ 898	$ 916	$ 951

The fair value of the Company s long-term debt was based on quoted market prices when available. When quoted market prices were not available, the fair value of long-term debt was based on quoted market prices of comparable instruments adjusted for differences between the quoted instruments and the instruments being valued, or was estimated using discounted cash flow analyses, based on current incremental borrowing rates for similar types of borrowing arrangements. The Company based its determination of fair value on quoted market prices for the Company s Tranche B and Series C term loans, which are classified within Level 1 of the fair value hierarchy. The Company based its determination of fair value on current incremental borrowing rates for similar debt for the senior notes and senior subordinated notes, which are classified within Level 2 of the fair value hierarchy. Significant increases/decreases in yields and borrowing rates could result in significantly higher (lower) fair value measurements.

The Company s interest rate cap for its Tranche B term loans is carried at fair value and is included in other assets on the consolidated balance sheets. At December 31, 2010 and 2011, and June 30, 2012, the interest rate cap was valued at $0.7 million, $0.1 million, and $4,000 respectively. The fair value of the Company s interest rate cap is based on model-derived valuations that use observable inputs and market data, which are classified as Level 2 of the fair value hierarchy. Gains and losses associated with changes in the fair value of the interest rate cap are included in interest expense on the consolidated statements of operations.

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010 AND 2011 AND JUNE 30, 2012 AND FOR THE YEARS ENDED

DECEMBER 31, 2009, 2010, AND 2011 AND THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 ***(continued)***

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Company s cash and cash equivalents are classified within Level 1 of the fair value hierarchy.

See Note 9, Credit Arrangements and Debt Obligations , for additional information regarding long-term debt and the interest rate cap.

The Company s policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the end of the reporting period. There have been no transfers between levels during the years ending December 31, 2009, 2010 and 2011 or for the six months ended June 30, 2012.

Concentrations of Credit Risk Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents and accounts receivable. The Company mitigates its exposure by maintaining its cash and cash equivalents in financial institutions of high credit standing. The Company s accounts receivable, which are derived primarily from the services it provides, are dispersed across many clients in various industries with no single client accounting for more than 10% of the Company s net revenue or accounts receivable. The Company believes that no significant credit risk exists at December 31, 2010 and 2011 or June 30, 2012.

Cash Equivalents The Company considers all highly liquid investments with maturities when purchased of three months or less to be cash equivalents. Cash equivalents consist primarily of institutional money market accounts.

The Company s cash management system provides for the funding of the main bank disbursement accounts on a daily basis as checks are presented for payment. Under this system, outstanding checks may be in excess of the cash balances at certain banks, creating book overdrafts. There were no book overdrafts at December 31, 2010 and 2011. Book overdrafts of $3.9 million are included in accounts payable at June 30, 2012.

Accounts Receivable The Company generates accounts receivable from fees charged to parents and client sponsors and, to a lesser degree, government agencies. The Company monitors collections and payments from these customers and maintains a provision for estimated losses based on historical trends, in addition to provisions established for specific customer collection issues that have been identified. Accounts receivable are stated net of this allowance for doubtful accounts.

Activity in the allowance for doubtful accounts is as follows (in thousands):

	Years ended December 31,			Six months ended
	2009	**2010**	**2011**	**June 30, 2012 (Unaudited)**
Beginning balance	$ 1,223	$ 1,675	$ 1,691	$ 1,514
Provision	981	1,516	1,043	491
Write offs and adjustments &nb				