

BRIGHT HORIZONS FAMILY SOLUTIONS INC

Form DEF 14A

April 22, 2005

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

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

BRIGHT HORIZONS FAMILY SOLUTIONS, INC.

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(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 24, 2005**

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The 2005 annual meeting of stockholders of Bright Horizons Family Solutions, Inc. will be held at 8:30 a.m., local time, on Tuesday, May 24, 2005, at our corporate offices, 200 Talcott Avenue South, Watertown, Massachusetts. At the annual meeting, stockholders will act on the following proposals:

1. Election of four Class I directors; and
2. Any other matters that may properly come before the annual meeting.

Stockholders of record at the close of business on April 1, 2005 are entitled to vote at the annual meeting or any postponement or adjournment.

Your vote is important. Please COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY in order that as many shares as possible will be represented.

By order of the Board of Directors,

Stephen I. Dreier  
*Chief Administrative Officer and  
Secretary*

Watertown, Massachusetts  
April 22, 2005

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**Bright Horizons Family Solutions, Inc.**

**200 Talcott Avenue South  
Watertown, Massachusetts 02472**

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**PROXY STATEMENT**

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The Board of Directors (the **Board** ) of Bright Horizons Family Solutions, Inc. (the **Company** ) is soliciting proxies to be used at the 2005 annual meeting. This proxy statement and the enclosed proxy will be mailed to stockholders on or about April 22, 2005.

**ABOUT THE ANNUAL MEETING**

***What is the purpose of the annual meeting?***

At our annual meeting, stockholders will act upon the proposals outlined in the accompanying notice of meeting. In addition, our management will report on our performance during fiscal 2004 and respond to questions from stockholders.

***Who is entitled to vote at the annual meeting?***

Only stockholders of record at the close of business on the record date, April 1, 2005, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the annual meeting, or any postponement or adjournment of the annual meeting. Each outstanding share entitles its holder to cast one vote on each matter to be voted upon.

***What constitutes a quorum?***

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting the annual meeting to conduct its business. As of March 28, 2005, 27,016,044 shares of our common stock were outstanding. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the annual meeting.

***How do I vote?***

If you complete and properly sign the accompanying proxy card and return the card to us, it will be voted as you direct. If you are a registered stockholder and attend the annual meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the annual meeting will need to obtain a proxy form from the institution that holds their shares.

***Can I change my vote after I return my proxy card?***

Yes. You can revoke your proxy at any time before it is exercised in any of three ways:

by submitting written notice of revocation to the Secretary;

by submitting another proxy that is later dated and properly signed; or

by voting in person at the annual meeting.

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***What are the Board's recommendations?***

Unless you give other instructions on your proxy card, the persons named as proxies on the proxy card will vote in accordance with the recommendations of the Board. The Board recommends a vote *for* election of each of the nominated directors.

With respect to any other proposal that properly comes before the annual meeting, the proxies will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

***What vote is required to approve each item?***

***Election of Directors.*** The affirmative vote of a plurality of the votes cast by the stockholders entitled to vote at the annual meeting is required for the election of directors. A properly executed proxy indicating that authority is WITHHELD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Therefore, so long as a quorum is present, withholding authority will have no effect on whether one or more directors are elected.

***Other Proposals.*** Any other proposal that properly comes before the annual meeting will be approved if a majority of the shares present or represented and voting on the proposal vote in favor of the proposal, except where a different vote is required by express provision of law. A properly executed proxy marked ABSTAIN with respect to any such proposal will not be voted, although it will be counted for the purpose of determining whether there is a quorum. Accordingly, an abstention will not have an effect on the outcome of the proposal. The Board knows of no other matters that are to be brought to a vote at the annual meeting. If any other matter does come before the annual meeting, the persons appointed in the proxy or their substitutes will vote in accordance with their best judgment on such matters.

***How do I vote my shares if they are held in the name of my broker (street name)?***

If your shares are held by your broker, often referred to as in street name, you should receive a form from your broker seeking instruction as to how your shares should be voted. If you do not issue instructions to your broker, your broker may vote your shares at its discretion on your behalf. However, if you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.



**Table of Contents****STOCK OWNERSHIP*****How much stock do the Company's directors, executive officers and largest holders own?***

The following table shows the amount of our common stock beneficially owned (unless otherwise indicated) by those stockholders who beneficially own more than 5% of our common stock, and by our directors, our executive officers named in the Summary Compensation Table below and our directors and executive officers as a group. Except as otherwise indicated, all information is as of March 28, 2005 and reflects the two-for-one stock split declared on February 9, 2005 and paid on March 18, 2005 to shareholders of record as of March 4, 2005.

<b>Name</b>	<b>Aggregate Number of Outstanding Shares Beneficially Owned<sup>(1)</sup></b>	<b>Right to Acquire within 60 Days<sup>(2)</sup></b>	<b>Percent of Shares Outstanding<sup>(3)</sup></b>
Delaware Management Holdings	2,274,846 <sup>(4)</sup>	0	8.42%
FMR Corp.	1,985,192 <sup>(5)</sup>	0	7.35%
Mary Ann Tocio	41,796	216,148	*
David H. Lissy	47,520	200,215	*
E. Townes Duncan	196,420	3,334	*
Roger H. Brown	110,918	37,300	*
Linda A. Mason	110,918	37,300	*
Stephen I. Dreier	65,268	26,636	*
Elizabeth J. Boland	41,800	33,236	*
Joshua Bekenstein	20,812	19,334	*
Fred K. Foulkes	18,402	19,334	*
Marguerite W. Sallee	32,000	0	*
Ian M. Rolland	2,000	19,334	*
Sara Lawrence-Lightfoot	200	19,334	*
JoAnne Brandes	1,800	15,334	*
David Gergen	250	3,334	*
Directors (including nominees) and executive officers as a group (14 persons)	579,186	612,873	4.31%

\* Represents less than 1% of our outstanding common stock

(1) The number of shares shown includes shares that are individually or jointly owned, as well as shares over which the individual has either sole or shared investment or voting authority. Certain of our directors and executive officers disclaim beneficial ownership of some of the shares included in the table, as follows:

Mr. Brown 52,334 shares held by Mr. Brown and Linda A. Mason, his wife, as co-trustees of the Roger H. Brown, Jr. Revocable Trust, and 58,584 shares held by Ms. Mason and Mr. Brown as co-trustees of the Linda A. Mason Revocable Trust.

Ms. Mason 58,584 shares held by Ms. Mason and Roger H. Brown, her husband, as co-trustees of the Linda A. Mason Revocable Trust, and 52,334 shares held by Mr. Brown and Ms. Mason as co-trustees of the Roger H. Brown, Jr. Revocable Trust.

Mr. Duncan 152,800 shares held by Solidus Company, of which Mr. Duncan is the president and a significant interest holder; 32,000 shares held by Solidus Partners, LP, of which Solidus Company is the

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General Partner (Mr. Duncan disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest in Solidus Company); 1,300 shares held by his children; 6,000 shares held in accounts for the benefit of Mr. Duncan's mother; and 912 shares held in several trusts of which his wife is trustee.

- (2) Reflects the number of shares that could be purchased upon exercise of options available at March 28, 2005 or within 60 days thereafter under our stock incentive plans. Ms. Mason disclaims beneficial ownership of 37,300 shares issuable upon exercise of options held by Roger H. Brown, her husband.
- (3) Based on the number of shares outstanding at March 28, 2005.
- (4) This information is based upon a Schedule 13G/A filed on February 9, 2005. The holder reports sole voting power as to 2,261,602 shares and sole dispositive power as to 2,274,846 shares. The principal address of the holder is 2005 Market Street, Philadelphia, Pennsylvania 19103.
- (5) This information is based upon a Schedule 13G/A filed on February 14, 2005. The holder reports sole voting power as to 405,224 shares and sole dispositive power as to 1,985,192 shares. The principal address of the holder is 82 Devonshire Street, Boston, Massachusetts 02109.

***Section 16(a) Beneficial Ownership Reporting Compliance***

The federal securities laws require our directors and executive officers, and persons who own more than 10% of our capital stock, to file initial reports of ownership and reports of changes in ownership of any of our securities with the Securities and Exchange Commission (the SEC), The Nasdaq Stock Market, Inc. (the Nasdaq) and the Company.

Based solely upon a review of filings with the SEC and written representations that no other reports were required, we believe that all of our directors and executive officers complied during 2004 with their reporting requirements, with the exception of a late filing on Form 4 made on April 7, 2005 by David Gergen to report the purchase of shares of our common stock on July 28, 2004.

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**CORPORATE GOVERNANCE**

We believe that good corporate governance is important to ensure that the Company is managed for the long-term benefit of its stockholders. The Company has Corporate Governance Guidelines and charters for its Audit Committee, Compensation Committee and Nominating and Governance Committee. You can access our Corporate Governance Guidelines and current committee charters on our website [www.brighthorizons.com](http://www.brighthorizons.com) in the Investor Relations section.

***Which of the Company's directors are considered independent?***

The Board has determined that each of the following directors and nominees for directors is an independent director within the meaning of the Nasdaq listing standards: Joshua Bekenstein, JoAnne Brandes, E. Townes Duncan, Fred K. Foulkes, David Gergen, Sara Lawrence-Lightfoot, Ian M. Rolland and Marguerite Sallee.

***How does the Board select nominees for the Board?***

The Nominating and Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. Each potential director nominee is evaluated on the same basis regardless of whether he or she is recommended by management, by a director or by a stockholder. A stockholder who wishes to recommend a prospective nominee for the Board should notify the Company's Secretary in writing with whatever supporting material the stockholder considers appropriate pursuant to the provisions of our bylaws relating to stockholder proposals as described in Additional Information Stockholder Proposals for the 2006 Annual Meeting below.

Once the Nominating and Governance Committee has identified a prospective nominee, the Committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the Committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that additional consideration is warranted, it may request a third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the Committee. The Committee then evaluates the prospective nominee against the standards and qualifications set out in our Corporate Governance Guidelines, including (1) general understanding of marketing, finance, and other elements relevant to the success of a publicly-traded company in today's business environment, (2) understanding of our business, and (3) diversity, skills, and educational and professional background.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Committee.

***Does the Company have a Code of Ethics?***

The Company has a Code of Ethics applicable to the Company's officers, including the Chief Executive Officer and Chief Financial Officer. The Company also has a Code of Conduct and Business Ethics (the Code of Conduct) applicable to the Company's employees (including officers) and to members of the Company's Board of Directors. The Code of Ethics and the Code of Conduct are available on our website [www.bright Horizons.com](http://www.bright Horizons.com) in the Investor Relations section.

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***Can stockholders communicate with the Board?***

Stockholders interested in communicating directly with members of the Board (including specific members of the Board or non-management directors as a group) may do so by writing to Bright Horizons Family Solutions, Inc., Attention: Secretary, 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02471. As set forth in the Corporate Governance Guidelines, the Secretary reviews all such correspondence and regularly forwards to the Board, or the specific directors or group of directors to whom such correspondence is addressed, a summary of all such correspondence and copies of all correspondence that, in the opinion of the Secretary, deals with the functions of the Board or committees thereof or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence we receive that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

***Do directors attend the annual meeting of stockholders?***

We encourage each member of the Board to attend the annual meeting of stockholders. In order to encourage director attendance at the annual meeting of stockholders, a meeting of the Board is generally held immediately following the annual meeting of stockholders each year. All of our directors attended the 2004 annual meeting of stockholders, except JoAnne Brandes.

***How are directors compensated?***

***Base Compensation.*** Each non-employee director receives \$2,500 for each regularly scheduled Board meeting attended in person or \$1,000 for each regularly scheduled Board meeting attended by conference call, and \$500 for each specially scheduled meeting attended in person or by conference call. Each non-employee director that is a member of the Compensation Committee or Nominating and Governance Committee also receives \$500 for each committee meeting attended. Each member of the Audit Committee also receives \$10,000 annually for serving on the committee. Additionally, the chairman of the Audit Committee receives a fee of \$2,500 annually. Directors who are also our employees receive no additional compensation for service as directors.

***Options.*** On the date of each annual meeting of stockholders, each non-employee director will be granted an option to purchase 2,000 shares of our common stock, so long as he or she has missed no more than one of the regular meetings of the Board in the previous year. The exercise price of the options will be the closing market price of our common stock on the date of grant. The options shall vest in their entirety on the third anniversary date of the initial grant, so long as the non-employee director continues to serve as one of our directors as of the third anniversary date.

***How often did the Board meet during 2004?***

During 2004, the Board met four times. Each director attended more than 75% of the total number of meetings of the Board and committees on which he or she served, except David Gergen who attended two of the three meetings held since joining the Board in May 2004.

***What committees has the Board established?***

The Board has standing Audit, Compensation and Nominating and Governance Committees. The Board has determined that each member of our Audit Committee, Compensation Committee and Nominating and Governance Committee is an independent director within the meaning of the Nasdaq listing standards.

**Audit Committee.** The Audit Committee is responsible for making recommendations to the Board concerning our financial statements and the appointment of our independent auditor, reviewing significant audit and accounting policies and practices, meeting with our independent auditor concerning, among other things, the scope of audits and reports, and reviewing the performance of our overall accounting and financial controls. The members of the Audit Committee are Ian M. Rolland (chair), JoAnne Brandes and E. Townes Duncan. The Board has determined that Mr. Rolland and Mr. Duncan are qualified as audit committee financial experts within the meaning of SEC regulations and Nasdaq listing standards. The Audit Committee met sixteen times in 2004.

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***Compensation Committee.*** The Compensation Committee is charged with reviewing and approving salaries, bonuses, and other compensation and benefits of executive officers, advising management regarding benefits and other terms and conditions of compensation, and administering our stock incentive plans. The members of the Compensation Committee are E. Townes Duncan (chair), Joshua Bekenstein and Fred K. Foulkes. The Compensation Committee met six times in 2004.

***Nominating and Governance Committee.*** The Nominating and Governance Committee is responsible for identifying and recommending individuals qualified to serve as directors, reviewing the composition of the Board, monitoring our corporate governance practices, suggesting applicable revisions to our Corporate Governance Guidelines and evaluating periodically the performance of the Board of Directors. The members of the Nominating and Governance Committee are Dr. Sara Lawrence-Lightfoot (chair) and Fred K. Foulkes. The Nominating and Governance Committee met two times in 2004.

***Certain Relationships and Related Transactions    What related party transactions involved directors?***

We have an agreement with S.C. Johnson & Son, Inc. to operate and manage an early care and education center for its employees. During 2004, we received management fees and operating subsidies of \$327,000 from S.C. Johnson & Son, Inc. JoAnne Brandes, a member of our Board of Directors, is Executive Vice President, Chief Administrative Officer and General Counsel for JohnsonDiversey, Inc., an affiliate of S.C. Johnson & Son, Inc.

***Report of the Audit Committee***

The Audit Committee of the Board is comprised of three non-employee directors who are independent directors as defined under applicable Nasdaq listing standards and applicable SEC Regulations. The Audit Committee operates under a written charter, which is available on our website [www.brighthorizons.com](http://www.brighthorizons.com) in the Investor Relations section.

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility to oversee (i) the integrity of the financial statements of the Company, (ii) the Company's compliance with legal and regulatory requirements, (iii) the outside auditor's qualifications and independence, and (iv) the performance of the Company's independent outside auditor. The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the independent auditor. The independent auditor reports directly to the Audit Committee. Management has the primary responsibility for the financial statements and the reporting process, including assessing the effectiveness of the Company's internal control over financial reporting. The Company's independent auditor is responsible for planning and carrying out proper annual audits and quarterly reviews of the Company's financial statements. The independent auditor expresses opinions on the conformity of the Company's audited financial statements with accounting principles generally accepted in the United States, management's assessment of the effectiveness of the Company's internal control over financial reporting, and the effectiveness of the Company's internal control over financial reporting.

In the performance of its oversight function, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent auditor. The Audit Committee has discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended by Statement on Auditing Standards No. 90 (Audit Committee Communications). In addition, the Audit Committee has received from the independent auditor the written disclosures and the letter required by the Public Company Accounting Oversight Board and Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with them their independence from the Company and its management. The Audit Committee has considered whether the independent auditor's provision of non-audit



services to the Company is compatible with the auditor's independence.

The Audit Committee discussed with the Company's independent auditor the overall scope and plans for their respective audits. The Audit Committee meets with the external auditor, with and without management present, to discuss the results of their examinations, the audit of the effectiveness of the Company's internal control over financial reporting, management's progress in assessing the effectiveness of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting.

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In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, for filing with the SEC.

Ian M. Rolland, Chairman  
JoAnne Brandes  
E. Townes Duncan

The foregoing report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference the proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Directors Standing for Election**

The Board is divided into three classes (Class I, Class II and Class III). At each annual meeting of stockholders, directors constituting one class are elected for a three-year term. Our Certificate of Incorporation provides that each class shall consist, as nearly as possible, of one-third of the total number of directors constituting the entire Board. The Company recently increased the number of directors from eleven to thirteen. Marguerite W. Sallee was elected by the Board in December 2004 to fill one of the vacancies on the Board. The Nominating and Governance Committee has not yet identified a candidate to fill the remaining vacancy created by this increase. As such, the Board intends to leave one board position vacant, to be filled at a later date. The proxies cannot be voted for a greater number of persons than the number of nominees named. The Board has nominated and recommends to the stockholders Joshua Bekenstein, JoAnne Brandes, Roger H. Brown and Marguerite W. Sallee, each of whom is an incumbent Class I director, for election as Class I directors to serve until the 2008 annual meeting of stockholders and until such time as their respective successors are duly elected and qualified.

If any of the nominees should become unable to accept election, the persons named as proxies on the proxy card may vote for such other person or persons as may be designated by the Board. Management has no reason to believe that any of the nominees named above will be unable to serve. Certain information with respect to the nominees for election as directors and with respect to our other directors (who are not nominees for election at the annual meeting) is set forth below.

**CLASS I DIRECTORS  
(To Be Elected; Terms Expire in 2008)**

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Joshua Bekenstein Age 46  
Joshua Bekenstein has served as a director of the Company since its inception in 1998. Mr. Bekenstein has been a Managing Director of Bain Capital, LLC, a private investment firm, since its inception in 1984. Mr. Bekenstein serves as a director of Waters Corporation, a manufacturer and distributor of high performance liquid chromatography instruments, KB Toys, Inc., the largest mall-based specialty toy retailer, Shoppers Drug Mart, Inc., Canada's largest retail drug store group, and Bombardier Recreational Products Inc., a Canadian designer, manufacturer and distributor of motorized recreational products worldwide.

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JoAnne Brandes Age 51  
JoAnne Brandes has served as a director of the Company since its inception in 1998. Ms. Brandes has served as Executive Vice President, Chief Administrative Officer and General Counsel for JohnsonDiversey, Inc. (formerly Johnson Wax Professional), a manufacturer and marketer of cleaning and sanitation products and services, since December 2002. From October 1997 until December 2002, Ms. Brandes served as Senior Vice President and General Counsel of S.C. Johnson Commercial Markets, Inc. Ms. Brandes serves as a director of JohnsonFamily Funds, Inc., a mutual fund, and is a Regent Emeritus in the University of Wisconsin System Board of Regents.

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Roger H. Brown Age 48  
Roger H. Brown has served as a director of the Company since its inception in 1998 and has also served as Vice Chairman of the Board since June 2004. Mr. Brown 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, Inc., a predecessor to the Company ( Bright Horizons ), and served as Chairman and Chief Executive Officer of Bright Horizons from its inception in 1986 until the Merger in July 1998 between Bright Horizons and CorporateFamily Solutions, Inc. (the Merger ). Prior to 1986, he worked as a management consultant for Bain & Company, Inc. Mr. Brown currently serves as a director of Horizons for Homeless Children and Stand for Children, non-profit organizations dedicated to improving the quality of life for children. He

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also serves as a director of Stoneyfield Farm, Inc., the nation's largest organic yogurt and ice cream company, and is on the Board of the Council for Professional Recognition, which grants a certificate for child development. Mr. Brown is the husband of Linda A. Mason.

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Marguerite W. Sallee

Age 56

Marguerite W. Sallee was elected as a director of the Company in December 2004. Ms. Sallee previously served as director of the Company from 1998 to March 2003. Ms. Sallee also served as Chief Executive Officer of the Company from 1998 until May 1999 and Co-Chairman of the Board of the Company from May 1999 to December 2001. Ms. Sallee has served as President and Chief Executive Officer of America's Promise - The Alliance for Youth founded by Secretary of State Colin Powell and his wife, Alma Powell, since October 2004. From March 2003 until September 2004, Ms. Sallee was Staff Director for the U.S. Senate Subcommittee on Children and Families. Ms. Sallee served as President and Chief Executive Officer of The Brown Schools, Inc, the largest national provider of educational and treatment services for young people at risk, from August 2001 until March 2003. From July 1999 until August 2001, Ms. Sallee was the Chief Executive Officer of Frontline Group, Inc., a corporate training company. Ms. Sallee was a founder of CorporateFamily Solutions, a predecessor to the Company, and served as President, Chief Executive Officer and a director of CorporateFamily Solutions from February 1987 until the Merger. She is a director of Saks Incorporated, an owner and operator of department stores, and is Chairman of the LPGA Board of Directors.

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**The Board recommends that stockholders vote FOR these nominees.**

**Directors Continuing in Office**

**CLASS II DIRECTORS  
(Terms Expire in 2006)**

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E. Townes Duncan

Age 51

E. Townes Duncan has served as a director of the Company since its inception in 1998. Mr. Duncan has served as the President of Solidus Company, a private investment firm, since January 1997. From November 1993 to May 1997, Mr. Duncan served as Chairman of the Board and Chief Executive Officer of Comptronix Corporation, a provider of electronics contract manufacturing services. From 1985 to November 1993, Mr. Duncan was a Vice President and principal of Massey Burch Investment Group, Inc., a venture capital corporation. Mr. Duncan is also a director of J. Alexander's Corporation, an owner and operator of restaurants.

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Sara Lawrence-Lightfoot

Age 60

Dr. Sara Lawrence-Lightfoot has served as a director of the Company since its inception in 1998. Since 1971, Dr. Lawrence-Lightfoot has been a professor of education at Harvard University. In addition to serving as a director of the Company, Dr. Lawrence-Lightfoot is also a director of the Globe Newspaper Company, a subsidiary of The New York Times Company which owns and publishes The Boston Globe. She is also a director and Chairman of the Board of the John D. and Catherine T. MacArthur Foundation, and a Trustee of the Berklee College of Music. Dr. Lawrence-Lightfoot has received honorary degrees from sixteen universities and colleges including Bank Street College and Wheelock College, two of the nation's foremost schools of early childhood education.

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David H. Lissy

Age 39

David H. Lissy has served as a director of the Company since November 2001 and has also served as Chief Executive Officer of the Company since January 2002. Mr. Lissy served as Chief Development Officer of the Company from

1998 until January 2002. He also served as the Executive Vice President of the Company from June 2000 until January 2002. He joined Bright Horizons as Vice President of Development in September 1997. 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. Prior to that role, Mr. Lissy was Vice President of Sales and Marketing for U.S. Healthcare and had been with U.S. Healthcare in various sales and management roles since 1987.

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David Gergen Age 63  
David Gergen has served as director of the Company since May 2004. Mr. Gergen has served as editor-at-large at U.S. News & World Report since 1986. He is a professor of public service and the director of the Center for Public Leadership at the Harvard University John F. Kennedy School of Government. Mr. Gergen also regularly serves as an analyst and commentator on various news shows, and he is a frequent lecturer at venues around the world. Mr. Gergen is a member of the Board of Trustees of City Year and is Chairman of the National Selection Committee for the Innovations in American Government. He frequently lectures in the United States and overseas and holds twelve honorary degrees.

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**CLASS III DIRECTORS  
(Term Expires 2007)**

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Fred K. Foulkes Age 63  
Professor Fred K. Foulkes has served as a director of the Company since its inception in 1998. Mr. Foulkes has been the Director of the Human Resources Policy Institute for Boston University School of Management since 1981 and has taught courses in human resource management and strategic management at Boston University since 1980. Professor Foulkes is a recipient of the Employment Management Association Award and the Fellow Award, the National Academy of Human Resources award of distinction for outstanding achievement in the human resource profession. Mr. Foulkes is a director of Panera Bread Company, a leading owner and franchisor of bakeries and cafes, and Display Solutions, Inc., a provider of human resources management software.

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Linda A. Mason Age 50  
Linda A. Mason has served as a director of the Company since its inception in 1998 and has served as Chairman since December 2001. Ms. Mason also served as Chairman of the Board from July 1998 until May 1999 when she became Co-Chairman of the Board. Ms. Mason co-founded Bright Horizons and served as a director and President of Bright Horizons from its inception in 1986 until the Merger. Prior to founding Bright Horizons, Ms. Mason was co-director of the Save the Children relief and development effort in Sudan and worked as a program officer with CARE in Thailand. Prior to 1986, Ms. Mason worked as a management consultant with Booz, Allen and Hamilton. Ms. Mason is a director of Whole Foods Market, Inc., an owner and operator of natural and organic food supermarkets, and the Globe Newspaper Company, a subsidiary of the New York Times Company which owns and publishes the Boston Globe. Ms. Mason also is a director of Horizons for Homeless Children, Mercy Corps, and is a Fellow of the Yale Corporation. Ms. Mason is the wife of Roger H. Brown.

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Ian M. Rolland Age 71  
Ian M. Rolland has served as a director of the Company since September 1998. Mr. Rolland was Chairman and Chief Executive Officer of Lincoln National Corporation, a provider of life insurance and annuities, property-casualty insurance and related services through its subsidiary companies, from 1992 until July 1998. Mr. Rolland is a director of NiSource, Inc., an energy and utility holding company. Mr. Rolland is a member of the Advisory Board of CID Ventures, a venture capital fund.

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Mary Ann Tocio

Age 56

Mary Ann Tocio has served as a director of the Company since November 2001 and has also served as Chief Operating Officer of the Company since its inception in 1998. Ms. Tocio was appointed President in June 2000. Ms. Tocio joined Bright Horizons in 1992 as Vice President and General Manager of Child Care Operations. She was appointed Chief Operating Officer of Bright Horizons in November 1993, and remained as such until the Merger. From 1983 to 1992, Ms. Tocio held several positions with Wellesley Medical Management, Inc., including Senior Vice President of Operations, where she managed more than 100 ambulatory care centers nationwide. Ms. Tocio is a director of Harvard Pilgrim Health Care, Inc., a nationally recognized leader in health care services and coverage.

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**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth information concerning total compensation earned or paid to our Chief Executive Officer and certain other of our executive officers (the named executive officers) for services rendered to us.

Name and Principal Position	Annual Compensation		Long-Term Compensation Awards			
	Fiscal Year	Salary (\$) <sup>(1)</sup>	Bonus (\$)	Restricted Stock Awards (\$) <sup>(2)</sup>	Number of Securities Underlying Options(#)	All Other Compensation (\$) <sup>(3)</sup>
David H. Lissy Chief Executive Officer	2004	261,250	294,000	283,200		13,040
	2003	236,000	142,000		30,000	12,512
	2002	212,000	112,000		48,000	9,425
Mary Ann Tocio President and Chief Operating Officer	2004	261,250	294,000	283,200		14,881
	2003	236,000	142,000		30,000	14,354
	2002	212,000	112,000		48,000	9,950
Elizabeth J. Boland Chief Financial Officer and Treasurer	2004	191,400	120,000	141,600		4,710
	2003	181,000	72,500		16,000	4,384
	2002	175,500	52,800		8,000	2,750
Stephen I. Dreier Chief Administrative Officer and Secretary	2004	185,250	55,600	94,400		3,801
	2003	180,000	45,000		8,000	3,708
	2002	174,500	40,000		8,000	2,672

(1) Includes amounts deferred by the employee under our 401(k) plan.

(2) Represents the grant of restricted stock awards under which Mr. Lissy, Ms. Tocio, Ms. Boland and Mr. Dreier have the right to receive, subject to vesting, 12,000, 12,000, 6,000 and 4,000 shares of common stock, respectively. The restricted stock awards vest over five years at 20% beginning on January 1, 2005. The values set forth above are based on the closing price of our common stock on the date of grant, March 4, 2004 (\$23.60 as reported on The Nasdaq National Market and after taking into account the two-for-one stock split that occurred on March 18, 2005). The values of the unvested restricted stock awards as of December 31, 2004 held by Mr. Lissy, Ms. Tocio, Ms. Boland and Mr. Dreier were \$388,560, \$388,560, \$194,280 and \$129,520, respectively. The restricted stock awards are entitled to dividends, if any, payable on our common stock.

(3) For 2004, consists of Company matching contributions to the employee's 401(k) plan account, a \$7,480 car allowance payment made to each of Mr. Lissy and Ms. Tocio and supplemental disability insurance premiums of \$2,313, \$4,154, \$1,460 and \$1,585, respectively, for Mr. Lissy, Ms. Tocio, Ms. Boland and Mr. Dreier.

**Table of Contents****Option Grants for Fiscal 2004**

No stock option grants were made to the named executive officers during 2004.

**Option Exercises and Values for Fiscal 2004**

The table below sets forth the following information with respect to option exercises during 2004 by each of the named executive officers and the status of their options at December 31, 2004:

the number of shares of common stock acquired upon exercise of options during 2004;

the aggregate dollar value realized upon the exercise of such options;

the total number of shares of common stock underlying exercisable and non-exercisable stock options held at December 31, 2004; and

the aggregate dollar value of in-the-money exercisable options at December 31, 2004.

Name	Shares Acquired On Exercise (#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options at December 31, 2004(#)		Value of Unexercised In-the-Money Options at December 31, 2004(\$) <sup>(1)</sup>	
			Exercisable	Unexercisable	Exercisable	Unexercisable
David H. Lissy	55,560	1,049,063	187,324	168,800	4,028,093	3,385,514
Mary Ann Tocio	66,608	1,218,825	163,748	168,800	3,456,612	3,385,514
Elizabeth J. Boland	19,364	332,296	24,436	24,000	530,662	465,736
Stephen I. Dreier	39,764	670,947	36,236	16,000	832,524	313,896

- (1) The aggregate dollar value of the options held at year-end are calculated as the difference between the fair market value of the common stock (\$32.38 as reported on The Nasdaq National Market on December 31, 2004, and after taking into account the two-for-one stock split that occurred on March 18, 2005) and the respective exercise prices of the stock options.

**Severance Agreements**

We have severance agreements with Stephen I. Dreier, David H. Lissy, Elizabeth J. Boland and Mary Ann Tocio which provide the following benefits to them if their employment is terminated within twenty-four (24) months following a change of control (as defined below) for any reason other than for cause (as defined in the severance agreements), death or disability or if they terminate their own employment for good reason (as defined in the severance agreements):

Accrued and unpaid base salary as of the date of termination plus a prorated portion of any bonus payable for the fiscal year in which the termination occurs;

For a period of twenty-four months or until the employee secures other employment (whichever is less), monthly severance pay equal to 1/24 (1/26 in the case of Ms. Tocio) of the employee's total salary and cash bonus for the employee's last two years of employment with us;

For a period of twenty-four months or until the employee becomes eligible for participation in a group health plan of another employer (whichever is less), payment by us of the employee's and the employee's dependents' premiums for continuation of health insurance coverage or participation in a substantially similar health plan; and

Automatic vesting of the employee's stock options immediately prior to the change in control, notwithstanding any provision of our stock incentive plans or any option agreements.

A change in control will be deemed to have occurred if:

Any person becomes the beneficial owner of 50% of the voting power of our outstanding securities;

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We are a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, pursuant to which the Board members in office prior to the transaction constitute less than a majority of the Board thereafter;  
or

Certain changes to the composition of the Board occur, as more particularly described in the severance agreements.

In addition, the severance agreements prohibit each employee from competing against us during the period in which the employee is receiving severance benefits and divulging any of our trade secrets or other confidential information.

Ms. Tocio's and Mr. Lissy's severance agreements also provide that they will receive the same benefits set forth above for a period of one year if they are terminated without cause, or if they terminate their employment for good reason, without a change in control of the Company, except that stock options will not automatically vest upon such termination of employment.

**Compensation Committee Interlocks and Insider Participation**

During fiscal 2004, the Compensation Committee of the Board was composed of E. Townes Duncan, Joshua Bekenstein and Fred K. Foulkes. None of these persons has at any time been an officer or employee of the Company or any of its subsidiaries. In addition, there are no relationships among our executive officers, members of the Compensation Committee or entities whose executives serve on the Board or the Compensation Committee that require disclosure under applicable SEC regulations.

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### **Report of the Compensation Committee on Executive Compensation**

Decisions concerning the compensation of our executive officers are made by the Compensation Committee of the Board. Each member of the Compensation Committee is a non-employee director. The Compensation Committee has the responsibility for reviewing and approving salaries, bonuses, and other compensation and benefits of executive officers, advising management regarding benefits and other terms and conditions of compensation, and administering our stock incentive plans.

#### ***What is the Company's philosophy and what are its policies for executive officer compensation?***

The Compensation Committee believes that the primary objectives of the Company's executive compensation policy should be:

to attract and retain talented executives by providing a compensation program that is competitive with the compensation provided to executives at companies of comparable size and position in service businesses, while maintaining compensation within levels that are consistent with the Company's business plan, financial objectives and operating performance;

to provide appropriate incentives for executives to work towards the achievement of the annual performance goals established by the Company; and

to more closely align the interests of its executives with those of stockholders by providing long-term incentive compensation in the form of stock option awards and other equity-based, long-term incentive compensation.

The Compensation Committee believes that the Company's executive compensation policies should be reviewed during the first half of the fiscal year after the financial results of the prior fiscal year become available. The policies should be reviewed in light of their consistency with the Company's financial performance, its operating plan and its position within the child care and education industry, as well as the compensation policies of similar companies in the child care and education business and other service businesses. The compensation of individual executive officers is then reviewed annually by the Compensation Committee in light of its executive compensation policies for that year.

In setting and reviewing compensation for the executive officers, the Compensation Committee considers a number of different factors designed to assure that compensation levels are properly aligned with the Company's business strategy, corporate culture and operating performance. Among the factors considered are the following:

*Comparability* The Compensation Committee considers the compensation packages of similarly situated executives at companies deemed to be most comparable to the Company. The objective is to maintain competitiveness in the marketplace in order to attract and retain the highest quality executives. This is a principal factor in setting base levels of compensation.

*Pay for Performance* The Compensation Committee believes that compensation should be in part directly linked to operating performance. To achieve this link with regard to short-term performance, the Compensation Committee has relied on cash bonuses which have been determined on the basis of certain objective and subjective factors after receiving the recommendations of senior management.

*Equity Ownership* The Compensation Committee believes that an integral part of the executive compensation program at the Company is equity-based compensation plans which encourage and create ownership of the Company's stock by its executives, thereby more closely aligning executives' long-term interests with those of the stockholders. These long-term incentive programs are principally reflected in the Company's stock-based incentive plans. The Compensation Committee believes that significant stock ownership is a major incentive in

building stockholder value and reviews awards of equity-based incentives with that goal in mind.

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*Qualitative Factors* The Compensation Committee believes that in addition to corporate performance and specific division performance, it is appropriate to consider in setting and reviewing executive compensation the personal contributions that a particular individual may make to the success of the corporate enterprise. Such qualitative factors as leadership skills, planning initiatives, development skills, public affairs and civic involvement have been deemed to be important qualitative factors to take into account in considering levels of compensation.

***How was base compensation determined in 2004?***

The Compensation Committee subjectively determined base compensation on the basis of discussions with Roger Brown, the Company's Executive Chairman in 2004, a review of the base compensation of executive officers of comparable companies, its experience with the Company and in business generally, and what it viewed to be the appropriate levels of base compensation after taking into consideration the contributions of each executive officer. In addition, the Committee undertook a mid-year review of executive compensation and, with the assistance of an independent outside consulting firm, began a comprehensive review and evaluation of the Company's executive compensation and incentive plan. Based upon the results of the first phase of this review and evaluation, the Committee adjusted the base pay of certain executive officers in October of 2004.

***How was base compensation of the Chief Executive Officer determined in 2004?***

The Compensation Committee believes that the Chief Executive Officer's compensation is consistent with its general policies and procedures concerning executive compensation and is appropriate in light of the Company's financial objectives and performance. Awards of long-term incentive compensation to the Chief Executive Officer are considered concurrently with awards to other executive officers and following the same general policies as such other long-term incentive awards.

The Compensation Committee subjectively determined base compensation of the Chief Executive Officer on the basis of discussions with Roger H. Brown, the Company's Executive Chairman in 2004, a review of the base compensation of chief executive officers of comparable companies, its experience with the Company and in business generally, and what it viewed to be the appropriate levels of base compensation after taking into consideration the contributions of the Chief Executive Officer. In addition, the Committee undertook a mid-year review of executive compensation and, with the assistance of an independent outside consulting firm, began a comprehensive review and evaluation of the Company's executive compensation and incentive plan. Based upon the results of the first phase of this review and evaluation, the Committee adjusted the base pay of the Chief Executive Officer in October of 2004.

***How was incentive compensation determined in 2004?***

*Annual Incentive Compensation.* For 2004, the Compensation Committee reviewed the Company's executive officer performance in terms of achieving pre-tax profitability targets and each executive officer's contribution to the achievement of this objective. Based on its review of the performance goals and on subjective factors taken into consideration, including the Committee's mid-year review of executive compensation, the Compensation Committee approved incentive payments aggregating \$763,600 for 2004, including \$294,000 for Mr. Lissy, the Company's Chief Executive Officer in 2004. No factors in addition to the ones discussed above were considered in setting the incentive compensation of the Chief Executive Officer.

*Long-Term Incentive Compensation.* The Compensation Committee believes the Company as a part of its regular executive compensation policies should grant awards of long-term, equity-based incentives to executive officers as part of the compensation package that is reviewed annually for each executive officer. In making these awards, the Compensation Committee establishes guidelines at the time of the annual review and takes into account the recommendations of the Chief Executive Officer and the President prior to approving awards of long-term, equity-based incentive compensation to the other executive officers.

During 2004, the Compensation Committee reviewed the amount of stock option and restricted stock holdings by the Company's executive officers and the terms of these holdings. Based on the Compensation Committee's desire to encourage and create ownership of the Company's common stock by its executive officers and to use equity-based incentives as a retention tool, the Compensation Committee determined to grant 38,000 shares of restricted stock to the



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executive officers, including 12,000 shares of restricted stock to Mr. Lissy, the Company's Chief Executive Officer in 2004. The restricted stock granted in 2004 to the executive officers of the Company vest annually over five years in one-fifth increments.

***How is the Company addressing Internal Revenue Code limits on deductibility of compensation?***

Section 162(m) of the Internal Revenue Code of 1986, enacted as part of the Omnibus Budget Reconciliation Act in 1993, generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to the Company's Chief Executive Officer and four other most highly compensated executive officers. Compensation paid to these officers in excess of \$1,000,000 that is not performance-based cannot be claimed by the Company as a tax deduction. The Compensation Committee believes it is appropriate to take into account the \$1,000,000 limit on the deductibility of executive compensation and to seek to qualify executive compensation awards as performance-based compensation excluded from the \$1,000,000 limit. Stock options and other equity-based incentives granted under the Company's stock incentive plans qualify as performance-based compensation. None of the executive officers received compensation in 2004 that would exceed the \$1,000,000 limit on deductibility. The Committee has not determined whether it will approve any compensation arrangements that will cause the \$1,000,000 limit to be exceeded in the future.

*E. Townes Duncan, Chairman*  
*Joshua Bekenstein*  
*Fred K. Foulkes*

**Table of Contents****PERFORMANCE GRAPH**

The following graph compares our cumulative total stockholder return on our common stock from December 31, 1999 through December 31, 2004 with the cumulative total return of the following:

the Russell 2000 Index; and

a peer group that we selected in good faith, consisting of us and three other companies in our industry: Childtime Learning Centers, Inc., New Horizon Kids Quest, Inc. and Nobel Learning Communities, Inc. (the Peer Group).

The graph assumes that \$100 was invested on December 31, 1999 in our common stock and the index and peer group noted above, and that all dividends, if any, were reinvested. No dividends have been declared or paid on our common stock since December 31, 1999.

**Total Return to Stockholders**  
(Assumes \$100 investment on 12/31/99)

<b>Total Return Analysis</b>	<b>12/31/1999</b>	<b>12/29/2000</b>	<b>12/31/2001</b>	<b>12/31/2002</b>	<b>12/31/2003</b>	<b>12/31/2004</b>
Bright Horizons	\$100.00	\$139.34	\$149.29	\$149.99	\$224.02	\$345.42
Peer Group	\$100.00	\$126.04	\$133.64	\$129.85	\$195.02	\$302.63
Russell 2000	\$100.00	\$95.80	\$96.79	\$75.90	\$110.33	\$129.09

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**INDEPENDENT AUDITOR**

**Audit and Non-Audit Fees**

PricewaterhouseCoopers LLP ( PwC ) was the independent registered public accounting firm for the Company for the year ended December 31, 2004. The following table presents fees for audit, audit-related, tax and other services rendered by PwC for the years ended December 31, 2004 and 2003. PwC has been selected to serve as our independent auditor for the fiscal year ended December 31, 2005. It is anticipated that representatives of PwC will attend the annual meeting to respond to questions and to make such statements as they desire.

- (1) Audit Fees for the years ended December 31, 2004 and 2003 included fees associated with the 2004 integrated audit of the consolidated financial statements and of our internal controls over financial reporting, as well as the audit of the 2003 consolidated financial statements and reviews of all associated quarterly financial statements for both years. The Company has not yet been billed for all services rendered in connection with the 2004 integrated audit; as such, the 2004 fees include approximately \$691,000 in estimated fees which have not yet been billed by PwC.
- (2) Audit Related Fees for the years ended December 31, 2004 and 2003 included consultation fees related to internal controls and employee benefits.

**Pre-Approval of Audit and Non-Audit Fees**

SEC rules under Section 202 of the Sarbanes-Oxley Act of 2002 require the Audit Committee to pre-approve audit and non-audit services provided by our independent auditor. The Audit Committee has an Audit Committee Pre-Approval Policy which prohibits our independent auditor from performing certain non-audit services and any services that have not been approved by the Audit Committee consistent with the Section 202 rules. The policy establishes procedures to ensure that proposed services are brought before the Audit Committee for consideration and, if determined by the Committee to be consistent with the auditor's independence, approved prior to initiation, and to ensure that the Audit Committee has adequate information to assess the types of services being performed and fee amounts on an ongoing basis. The policy allows delegation of pre-approval responsibility to one or more members of the Committee, within certain financial guidelines, along with a requirement that amounts approved by the members must be presented to the full Committee within three business days.

For the year ended December 31, 2004, all services provided by our independent auditors have been subject to pre-approval by the Audit Committee.

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**ADDITIONAL INFORMATION**

***Advance Notice Procedures.*** Under our bylaws, no business may be brought before an annual meeting unless it is specified in the notice of the meeting or is otherwise brought before the annual meeting by or at the direction of the Board or by a stockholder entitled to vote who has delivered written notice to the Company's Secretary (containing certain information specified in the bylaws about the stockholder and the proposed action) not less than 90 or more than 120 days prior to the first anniversary of the preceding year's annual meeting—that is, with respect to the 2006 annual meeting, between January 24, 2006 and February 23, 2006. In addition, any stockholder who wishes to submit a nomination to the Board must deliver written notice of the nomination within this time period and comply with the information requirements in the bylaws relating to stockholder nominations. See *Corporate Governance* *How does the Board select nominees for the Board?* for additional information about stockholder nominations. These requirements are separate from and in addition to the SEC's requirements that a stockholder must meet in order to have a stockholder proposal included in the Company's proxy statement.

***Stockholder Proposals for the 2006 Annual Meeting.*** Stockholders interested in submitting a proposal for inclusion in the proxy materials for the 2006 annual meeting of stockholders may do so by following the procedures prescribed in SEC Rule 14a-8. To be eligible for inclusion, stockholder proposals must be received by the Company's Secretary no later than December 23, 2005. Proposals should be sent to Bright Horizons Family Solutions, Inc., Attention: Secretary, 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02471.

***Proxy Solicitation Costs.*** The proxies being solicited hereby are being solicited by the Company. We will bear the cost of soliciting proxies in the enclosed form. Our officers and regular employees may, but without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, facsimile or electronic means. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of stock.

***Financial Statements Available.*** A copy of our 2004 Annual Report to Stockholders containing audited financial statements accompanies this proxy statement. The 2004 Annual Report does not constitute a part of the proxy solicitation material. Upon written request to our Chief Financial Officer, Bright Horizons Family Solutions, Inc., 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02471, we will provide, without charge, copies of our annual report filed with the SEC on Form 10-K.

***Householding of Proxy Materials.*** The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as *householding*, potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers may *household* proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be *householding* materials to your address, *householding* will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in *householding* and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. Requests in this regard should be addressed to Bright Horizons Family Solutions, Inc., Attention: Secretary, 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02471; telephone (617) 673-8000.

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**BRIGHT HORIZONS FAMILY SOLUTIONS, INC.**

**ANNUAL MEETING OF STOCKHOLDERS**

**Tuesday, May 24, 2005**

**8:30 a.m. local time**

**COMPANY S CORPORATE OFFICES**

**200 Talcott Avenue South**

**Watertown, Massachusetts**

**Bright Horizons Family Solutions, Inc.**

**200 Talcott Avenue South**

**Watertown, Massachusetts**

**proxy**

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**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned hereby appoints David H. Lissy and Elizabeth J. Boland, or either of them, with full power of substitution, as proxies, and hereby authorizes them to represent and to vote, as designated, all of the shares of voting stock of Bright Horizons Family Solutions, Inc. held by the undersigned on April 1, 2005, at the Annual Meeting of Stockholders to be held at the Company s corporate offices, 200 Talcott Avenue South, Watertown, Massachusetts, on Tuesday, May 24, 2005 at 8:30 a.m., local time, and any adjournment(s) thereof.

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY.**

*See reverse for voting instructions.*

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**The Board of Director Recommends a Vote FOR Item 1.**

				<b>o Vote FOR</b>	<b>o Vote WITHHELD</b>
<b>1.</b>	Election of Class I (2008) directors:	01 Joshua Bekenstein 02 JoAnne Brandes	03 Roger H. Brown 04 Marguerite W. Sallee	all nominees  (except as marked)	from all nominees

**(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)**

In their discretion, the proxies are authorized to vote upon such business as may properly come before this meeting.

**YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS. IF NO CHOICE IS SPECIFIED, YOUR SHARES WILL BE VOTED FOR APPROVAL OF THE PROPOSAL SET FORTH ABOVE.**

Address change? Mark box ..

Indicate changes below:

Date:

**Signature(s) in Box**

Please sign exactly as name appears on your stock certificates. Each joint owner should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name as authorized. If a partnership, please sign in partnership name by authorized person.