

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

Form 424B4

June 13, 2013

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-188903

8,500,000 Shares

Bright Horizons Family Solutions Inc.

Common Stock

The selling stockholders identified in this prospectus, which include certain of the company's executive officers, are selling 8,500,000 shares of common stock of Bright Horizons Family Solutions Inc. We will not receive any proceeds from the sale of shares by the selling stockholders.

Our common stock is listed on the New York Stock Exchange under the symbol BFAM. On June 12, 2013, the last sale price of our common stock as reported on the New York Stock Exchange was \$33.05 per share.

Investing in our common stock involves substantial risks. See [Risk Factors](#) beginning on page 15 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
Public offering price	\$ 33.05	\$ 280,925,000
Underwriting discounts and commissions(1)	\$ 1.34217	\$ 11,408,445

Proceeds, before expenses, to selling stockholders	\$ 31.70783	\$ 269,516,555
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(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See Underwriting. Certain of the selling stockholders have granted the underwriters an option for a period of up to 30 days to purchase up to an additional 1,275,000 shares of common stock at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about June 18, 2013.

Goldman, Sachs & Co.

J.P. Morgan

Barclays

BofA Merrill Lynch

Credit Suisse

Baird

BMO Capital Markets

Stifel

Wells Fargo Securities

Prospectus dated June 12, 2013

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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.

Our Initial Public Offering

On January 30, 2013, we completed our initial public offering and, together with the exercise of the underwriters' option to purchase additional shares on February 21, 2013, we issued and sold a total of 11,615,000 shares of common stock at the price of \$22.00 per share. Upon the completion of the initial public offering, our common stock was listed on the New York Stock Exchange under the symbol BFAM. Prior to our initial public offering, we amended our certificate of incorporation to effect a 1-for-1.9704 reverse split of our Class A common stock, converted each outstanding share of Class L common stock into 35.1955 shares of our Class A common stock and reclassified our Class A common stock into common stock. At the time of such conversion and reclassification, in accordance with the terms of our equity incentive plans and our outstanding awards thereunder, outstanding options to purchase shares of our Class A common stock and Class L common stock became 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 reverse split of our Class A common stock, the conversion of all shares of our Class L common stock into shares of our Class A common stock and the subsequent reclassification of our Class A common stock into common stock and related adjustments to our outstanding options to purchase shares of our Class A common stock and Class L common stock, which we refer to collectively as 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 March 31, 2013, 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 86% of our revenue in the year ended December 31, 2012);

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 March 31, 2013, 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 88,100 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 more than 25-year track record of providing high-quality services and a history of strong financial performance. From 2001 through 2012, we have achieved year-over-year revenue and adjusted EBITDA growth at a compound annual growth rate of 11% for revenue and 18% 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 and 2012, our net income grew \$14.8 million and \$3.7 million, respectively, over the prior year to \$4.8 million and \$8.5 million, respectively. 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 annual tuition increases. We have also increased our adjusted EBITDA margin in each year from 2001 through 2012. For the year ended December 31, 2012, and the three months ended March 31, 2013, we generated revenue of \$1.07 billion and \$280.1 million, net income (loss) of \$8.5 million and \$(50.8) million, which net loss included a loss on extinguishment of debt of \$63.7 million related to our debt

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refinancing in January 2013, adjusted EBITDA of \$180.9 million and \$48.5 million and adjusted net income of \$37.8 million and \$15.6 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.

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

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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. On January 30, 2013, we completed our initial public offering and, together with the exercise of the underwriters' option to purchase additional shares on February 21, 2013, we issued and sold a total of 11,615,000 shares of common stock at the price of \$22.00 per share. Upon the completion of the initial public offering, our common stock was listed on the New York Stock Exchange under the symbol BFAM.

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-plus 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 2012 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

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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* 14 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 eleven 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.

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

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minimizing risk. Since 2006 and as of March 31, 2013, 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. In addition, in April 2013, we added 64 centers through our acquisition of Kidsunlimited, located in the United Kingdom. Kidsunlimited reported revenue of £41 million in their last fiscal year ended April 30, 2012.

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 as a private company. The management team has a proven track record of performance, having increased revenue from \$345.9 million in 2001 to \$1.07 billion in 2012, and increased adjusted EBITDA from \$29.8 million in 2001 to \$180.9 million in 2012, representing 830 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. Our net income in 2008 through 2010 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. In 2011 and 2012, our net income increased \$14.8 million and \$3.7 million, respectively, over the prior year to \$4.8 million and \$8.5 million, respectively.

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 March 31, 2013, 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, 2012 and the first three months of 2013. 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 six 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 March 31, 2013, we had total indebtedness of \$788.0 million. See **Management's Discussion and Analysis of Financial Condition and Results of Operations** **Debt**. Our substantial debt could limit our ability to pursue our growth strategy.

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 \$70 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.

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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 the selling stockholders	8,500,000 shares.
Option to purchase additional shares	Certain of the selling stockholders have granted the underwriters a 30-day option to purchase up to 1,275,000 additional shares.
Use of proceeds	We will not receive any proceeds from the sale of common stock by the selling stockholders in this offering.
Dividend policy	We do not currently pay cash dividends on our common stock.
Principal stockholders	Upon completion of this offering, investment funds affiliated with the Sponsor will indirectly beneficially own a controlling interest in us. As a result, we will continue to avail ourselves of the controlled company exception under the New York Stock Exchange listing rules. For more information, see Management Board Structure and Committee Composition.
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.
New York Stock Exchange Trading Symbol	BFAM

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Summary Consolidated Financial and Other Data

The following table sets forth our summary historical and unaudited pro forma consolidated financial data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2011 and 2012 and for the three years in the period ended December 31, 2012 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 March 31, 2013 and for the three months ended March 31, 2012 and March 31, 2013 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data as of December 31, 2010 has been derived from our audited consolidated financial statements for such year, which are not included in this prospectus. The summary consolidated balance sheet data as of March 31, 2012 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 three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2013. The data in the following table related to adjusted EBITDA, adjusted income from operations, adjusted net income, child care and early education centers and licensed capacity are unaudited for all periods presented.

The unaudited pro forma consolidated statements of operations data for the year ended December 31, 2012 and for the three months ended March 31, 2013 have been derived from our historical financial statements for such year and period, which are included elsewhere in this prospectus, after giving effect to the transactions specified in note 1 below.

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,			Three Months Ended March 31,	
	2010	2011	2012	2012	2013
(In thousands, except share and operating data)					
Consolidated Statement of Operations Data:					
Revenue	\$ 878,159	\$ 973,701	\$ 1,070,938	\$ 258,122	\$ 280,123
Cost of services	698,264	766,500	825,168	200,102	214,333
Gross profit	179,895	207,201	245,770	58,020	65,790
Selling, general and administrative expenses	83,601	92,938	123,373	25,367	43,605
Amortization	27,631	27,427	26,933	6,549	6,748
Income from operations	68,663	86,836	95,464	26,104	15,437
Gains from foreign currency transactions	-	835	-	-	-
Loss on extinguishment of debt	-	-	-	-	(63,682)
Interest income	28	824	152	12	21
Interest expense	(88,999)	(82,908)	(83,864)	(19,883)	(13,289)
Net interest expense and other	(88,971)	(81,249)	(83,712)	(19,871)	(76,950)
(Loss) income before income taxes	(20,308)	5,587	11,752	6,233	(61,513)
Income tax benefit (expense)	10,314	(825)	(3,243)	(2,643)	10,732
Net (loss) income	(9,994)	4,762	8,509	3,590	(50,781)
Net income (loss) attributable to noncontrolling interest	-	3	347	81	(38)
Net (loss) income attributable to Bright Horizons Family Solutions Inc.	\$ (9,994)	\$ 4,759	\$ 8,162	\$ 3,509	\$ (50,743)
Accretion of Class L preference	64,712	71,568	79,211	18,513	-
Accretion of Class L preference for vested options	1,251	1,274	5,436	66	-
Net loss available to common shareholders	\$ (75,957)	\$ (68,083)	\$ (76,485)	\$ (15,070)	\$ (50,743)
Allocation of net (loss) income to common stockholders basic and diluted:					