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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______.
Commission File Number: 001-35780

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**80-0188269**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

200 Talcott Avenue South
Watertown, MA 02472
(Address of principal executive offices and zip code)
(617) 673-8000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of exchange on which registered**
Common Stock, $0.001 par value per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. :

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒
The aggregate market value of the shares of common stock of the registrant held by non-affiliates of Bright Horizons Family Solutions Inc. computed by reference to the closing price of the registrant's common stock on the New York Stock Exchange as of June 30, 2014 was approximately $1.3 billion.
As of February 11, 2015, there were 61,651,158 outstanding shares of the registrant's common stock, $0.001 par value per share, which is the only outstanding capital stock of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2015 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K, are incorporated by reference in Part III, Items 10-14 of this Form 10-K.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). The following cautionary statements are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the "safe harbor" provisions of the Act. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "expects," "may," "will," "should," "seeks," "projects," "approximately," "intends," "plans," "estimates" or "anticipates," or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we and our partners operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described under "Risk Factors" and elsewhere in this annual report and in our other public filings with the Securities and Exchange Commission.

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

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this annual report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments.

PART I

Item 1. Business

Our Company

We are a leading provider of high-quality child care, early education and 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 December 31, 2014, we had more than 900 client relationships with employers across a diverse array of industries, including more than 140 Fortune 500 companies and more than 80 of *Working Mother* magazine's 2014 "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, 2014);
- 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 December 31, 2014, we operated a total of 884 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 101,000 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of approximately 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.

Our History

For over 25 years, we have operated child care and early education centers for employers and working families. In 1998, we transformed our business through the merger of Bright Horizons, Inc. and Corporate Family Solutions, Inc., both then Nasdaq-listed companies that were founded in 1986 and 1987, respectively. We were listed on Nasdaq from 1998 to May 2008, when we were acquired by investment funds affiliated with Bain Capital Partners LLC (collectively, the "Sponsor"), 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 grown our partnerships with employer clients by expanding and enhancing our back-up dependent care services and by developing and growing our educational advisory services. 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 (the "Offering"). Upon the completion of the initial public offering, our common stock was listed on the New York Stock Exchange under the symbol "BFAM."

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. 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.

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 employer 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. A significant percentage of mothers currently participate in the workforce. In 2013, for example, 64% of mothers with children under the age of six

participated in the workforce in the United States, according to the Bureau of Labor Statistics. We expect that the number of working mothers and two working parent families will continue to increase over time, resulting in an increase in the need for child care and other work/life services. By 2016, for example, women are expected to earn 54% of all doctorate and professional degrees in the United States, according to a 2011 report by the Families and Work Institute.

Greater Demand for High-Quality Center-Based Child Care and Early Education. We believe that recognition of the importance of early education and consistent quality child care has led to increased demand for higher-quality center-based care. In 1965, 8% of children under the age of five with working mothers were enrolled in center-based child care, compared to approximately 24% of such children by 2011, according to data gathered by the U.S. Census Bureau. With the shift towards center-based care, there is an increased focus on the establishment of objective, standards-based methods of defining and measuring the quality of child care, such as accreditation. In a highly fragmented market comprised largely of center operators lacking scale, we believe this trend will favor larger industry participants with the size and capital resources to achieve quality standards on a consistent basis.

Recognized Return on Investment to Employers. Based on studies we have conducted through our Horizons Workforce Consulting practice, we believe that employer sponsors of center-based child care and back-up dependent care services realize strong returns on their investments from reduced turnover and increased productivity. For example, we estimate that users of our back-up dependent care services have been able to work, on average, 6 days annually that they otherwise would have missed due to breakdowns in child care arrangements. Additionally, according to a 2014 survey of our clients, 97% of respondents reported that access to dependable back-up dependent care helps them to focus on work and be more productive. We believe that this return on investment for employers will result in additional growth in employer-sponsored back-up dependent care services.

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

Our 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 900 client relationships with employers across a diverse array of industries, including more than 140 of the Fortune 500 companies, with our largest client contributing less than 2% of our revenue in fiscal 2014 and our largest 10 clients representing less than 10% of our revenue in that year. Our business model places an emphasis on multi-year employer sponsorship contracts where our clients typically fund the development of new child care centers at or near to their worksites and frequently support the ongoing operations of these centers.

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

Commitment to Quality

Our business is anchored in our commitment to consistently provide 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.

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* 15 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 and adjusted EBITDA growth for each of the last thirteen 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 minimizing risk. Since 2006, and as of December 31, 2014, we have completed acquisitions of 242 child care centers in the United States, the United Kingdom and the Netherlands, as well as various providers of back-up dependent care services and educational advisory services in the United States.

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 December 31, 2014, we operated 218 centers for 65 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 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 profit and loss 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 condition from 2008 to 2010. Utilization rates at our mature profit and loss centers stabilized in 2010 and have grown since. 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 fifteen new lease/consortium centers annually for the past seven 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.

Our Operations

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

The following table sets forth our segment information as of the dates and for the periods indicated. Additional segment information is included in Note 16, "Segment and Geographic Information," included in the notes to the consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

	Full Service Center-Based Child Care Services	Back-up Dependent Care Services	Other Educational Advisory Services	Total
	(In thousands, except percentages)			
Year ended December 31, 2014				
Revenue	$ 1,156,661	$ 162,886	$ 33,452	$ 1,352,999
As a percentage of total revenue	*86%*	*12%*	*2%*	*100%*
Income from operations	$ 92,229	$ 49,317	$ 5,374	$ 146,920
As a percentage of total income from operations	*63%*	*33%*	*4%*	*100%*
Year ended December 31, 2013				
Revenue	$ 1,049,854	$ 144,432	$ 24,490	$ 1,218,776
As a percentage of total revenue	*86%*	*12%*	*2%*	*100%*
Income from operations	$ 67,287	$ 39,710	$ 2,037	$ 109,034
As a percentage of total income from operations	*62%*	*36%*	*2%*	*100%*
Year ended December 31, 2012				
Revenue	$ 922,214	$ 130,082	$ 18,642	$ 1,070,938
As a percentage of total revenue	*86%*	*12%*	*2%*	*100%*
Income from operations	$ 60,154	$ 33,863	$ 1,447	$ 95,464
As a percentage of total income from operations	*63%*	*35%*	*2%*	*100%*

Full-Service Child Care

We provide our center-based child care services under two general business models: a profit and loss ("P&L") model, where we assume the financial risk of operating a child care center; and a cost-plus model, where we are paid a fee by an employer client for managing a child care center on a cost-plus basis. Our P&L model is further classified into two subcategories: (i) a sponsor model, where we provide child care and early education services on either an exclusive or priority enrollment basis for the employees of a specific employer sponsor; and (ii) a lease/consortium model, where we provide child care and early education services to the employees of multiple employers located within a specific real estate development (for example, an office building or office park), as well as to families in the surrounding community. In both our cost-plus and sponsor P&L models, the development of a new child care center, as well as ongoing maintenance and repair, is typically

funded by an employer sponsor with whom we enter into a multi-year contractual relationship. In addition, employer sponsors typically provide subsidies for the ongoing provision of child care services for their employees.

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

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

Tuition paid by families varies depending on the age of the child, the available adult-to-child ratio, the geographic location and the extent to which an employer sponsor subsidizes tuition. Based on a sample of 320 of our child care and early education centers, the average tuition rate at our centers in the United States is $1,735 per month for infants (typically ages three to sixteen months), $1,590 per month for toddlers (typically ages sixteen months to three years) and $1,270 per month for preschoolers (typically ages three to five years). Tuition at most of our child care and early education centers is payable in advance and is due either monthly or weekly. In many cases, families can pay tuition through payroll deductions or through Automated Clearing House withdrawals.

Revenue per center typically averages between $1.4 million and $1.6 million at our centers in North America, and averages between $0.9 million and $1.2 million at our centers in Europe, primarily due to the larger average size of our centers in North America. Gross margin at our centers typically averages between 15% and 25%, with our cost-plus model centers typically at the lower end of that range and our lease/consortium centers at the higher end.

Cost of services consists of direct expenses associated with the operation of child care and early education centers and direct expenses to provide back-up dependent care services and educational advisory services. Direct expenses consist primarily of payroll and benefits for personnel, food costs, program supplies and materials, parent marketing and facilities costs, which include depreciation. Personnel costs are the largest component of a center’s operating costs and comprise approximately 70% of a center’s operating expenses. In a P&L model center, we are often responsible for additional costs that are typically paid or provided directly by a client in centers operating under the cost-plus model, such as facilities costs. As a result, personnel costs in centers operating under P&L models will often represent a smaller percentage of overall costs when compared to centers operating under cost-plus models.

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

Back-Up Dependent Care

We provide back-up dependent care services through our full-service centers or our dedicated back-up centers, as well as through our Back-Up Care Advantage (“BUCA”) program. BUCA offers access to a contracted network of in-home care agencies and approximately 2,800 center-based providers in locations where we do not otherwise have centers with available capacity.

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

Back-up dependent care revenue is comprised of fees or subsidies paid by employer sponsors, as well as co-payments collected from users at the point of service. Cost of services consist of fees paid to providers for care delivered as part of their contractual relationships with us, personnel and related direct service costs of the contact centers and any other expenses related

to the coordination or delivery of care and service. For Bright Horizons back-up centers, cost of services also includes all direct expenses associated with the operation of the centers. SGA related to back-up dependent care is similar to SGA for full-service care, with additional expenses related to the information technology necessary to operate this service, the ongoing development and maintenance of the provider network and additional personnel needed as a result of more significant client management and reporting requirements.

Educational Advisory Services

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

EdAssist. Edassist provides tuition reimbursement administration for corporate clients. Administration services are provided through a proprietary software system for processing and data analytics, as well as a team of compliance professionals who audit employee reimbursements. We also provide educational advising to client employees on a one-on-one basis through our team of advisors, who help employees make better decisions regarding their education. Customer service is also provided through contact centers in Broomfield, Colorado and Durham, North Carolina. The EdAssist services derive revenue directly from fees paid by employer sponsors under contracts that are typically three years in length. The EdAssist division is managed by a Vice President and General Manager who has responsibility for the growth and profitability of this division.

College Coach. College Coach provides college advisory services through our team of educators, all of whom have experience working at senior levels in admissions or financial aid at colleges and universities. We work with employer clients who offer these services as a benefit to their employees, and we also provide these services directly to families on a retail basis. We have 12 College Coach offices in the United States, located primarily in metropolitan areas, where we believe the demand for these services is greatest. College Coach derives revenue mainly from employer clients who contract with us for an agreed upon number of workshops, access to our proprietary virtual learning center and individual counseling. The College Coach division is managed by a Vice President and General Manager who has responsibility for the growth and profitability of this division.

Seasonality

Our business is subject to seasonal and quarterly fluctuations. Demand for child care and early education and elementary school services has historically decreased during the summer months when school is not in session, at which time families are often on vacation or have alternative child care arrangements. In addition, our enrollment declines as older children transition to elementary schools. Demand for our services generally increases in September and October coinciding with the beginning of the new school year and remains relatively stable throughout the rest of the school year. In addition, use of our back-up dependent care services tends to be higher when schools are not in session and during holiday periods, which can increase the operating costs of the program and impact the results of operations. Results of operations may also fluctuate from quarter to quarter as a result of, among other things, the performance of existing centers, including enrollment and staffing fluctuations, the number and timing of new center openings, acquisitions and management transitions, the length of time required for new centers to achieve profitability, center closings, refurbishment or relocation, the contract model mix (P&L versus cost-plus) of new and existing centers, the timing and level of sponsorship payments, competitive factors and general economic conditions.

Geography

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

	North America		Europe		Total	
	(In thousands, except percentages)					
Year ended December 31, 2014						
Revenue	$	1,074,951	$	278,048	$	1,352,999
As a percentage of total revenue		*79%*		*21%*		*100%*
Long-lived assets, net	$	277,971	$	120,976	$	398,947
As a percentage of total fixed assets, net		*70%*		*30%*		*100%*
Year ended December 31, 2013						
Revenue	$	980,537	$	238,239	$	1,218,776
As a percentage of total revenue		*80%*		*20%*		*100%*
Long-lived assets, net	$	260,483	$	130,411	$	390,894
As a percentage of total fixed assets, net		*67%*		*33%*		*100%*
Year ended December 31, 2012						
Revenue	$	901,210	$	169,728	$	1,070,938
As a percentage of total revenue		*84%*		*16%*		*100%*
Long-lived assets, net	$	230,807	$	109,569	$	340,376
As a percentage of total fixed assets, net		*68%*		*32%*		*100%*

Our international business primarily consists of child care centers throughout the United Kingdom and the Netherlands and is overseen by a senior vice president. In 2013, we added 64 child care centers in the United Kingdom increasing our footprint in Europe. As of December 31, 2014, we had a total of 231 centers in Europe.

Marketing

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

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

Competition

We believe that we are a leader in the markets for employer-sponsored center-based child care and back-up dependent care. We maintain approximately six times more market share in the United States than our closest competitors who provide employer-sponsored center-based child care. The market for child care and early education services is highly fragmented, and we compete for enrollment and for sponsorship of child care and early education centers with a variety of other businesses including large community-based child care companies, regional child care providers, family day care (operated out of the caregiver's home), nannies, for-profit and not-for-profit full- and part-time nursery schools, private schools and public elementary schools, and not-for-profit and government-funded providers of center-based child care. Our principal competitors for employer-sponsored centers include Knowledge Universe, Hildebrandt Learning Centers, New Horizons Academy, Childbase and Busy Bees in the United States and the United Kingdom. Competition for back-up dependent care and

educational advising comes from some of these same competitors in addition to employee assistance programs, payment processors and smaller work/life companies. In addition, we compete for enrollment on a center-by-center basis with some of the providers named above, along with many local and national providers, such as Learning Care Group, Goddard Schools, Primrose Preschools, Asquith Day Nurseries, The Co-operative Childcare, Smallsteps, and Partou in the United States, the United Kingdom and the Netherlands.

We believe that the key factors in the competition for enrollment are quality of care, site convenience and cost. We believe that many center-based child care providers are able to offer care at lower prices than we do by utilizing less intensive adult-to-child ratios and offering their staff lower compensation and limited or less affordable benefits. While our tuition levels are generally higher than our competitors, we compete primarily based on the convenience of a work-site location and a higher level of program quality. In addition, many of our competitors may have access to greater financial resources (such as access to government funding or other subsidies), or may benefit from broader name recognition (such as established regional providers) or comply, or are required to comply, with fewer or less costly health, safety, and operational regulations than those with which we comply (such as the more limited health, safety and operational regulatory requirements typically applicable to family day care operations in caregivers' homes).We believe that our primary focus on employer clients and track record for achieving and maintaining high-quality standards distinguishes us from our competitors. We believe we are well-positioned to continue attracting new employer sponsors due to our extensive service offerings, established reputation, position as a quality leader and track record of serving major employer sponsors for over 25 years.

Intellectual Property

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

Regulatory Matters

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

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

Health and Safety

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

Each center is further guided by a policies and procedures manual and a center management guide that address protocols for safe and appropriate care of children and center administration. These guidelines establish center protocols in areas including the safe handling of medications, managing child illness or health emergencies and a variety of other critical aspects of care to ensure that centers meet or exceed all mandated licensing standards. The center management guide is reviewed and updated continuously by a team of internal experts, and center personnel are trained on center practices using this tool. Our proprietary *We Care* system supports proper supervision of children and documents the transitions of children to and from the care of teachers and parents or from one classroom to another during the day.

Environmental

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

Employees

As of December 31, 2014, we had approximately 25,400 employees (including part-time and substitute teachers), of whom approximately 1,400 were employed at our corporate, divisional and regional offices, and the remainders of whom were employed at our child care and early education centers. Child care and early education center employees include teachers and support personnel. The total number of employees includes approximately 6,700 employees working outside of the United States. We conduct annual surveys to assess employee satisfaction and can adjust programs, benefits offerings, trainings, communications and other support to meet employee needs and enhance retention. We have a long track record of being named a “Best Place to Work” in the United States and more recently in the United Kingdom, Ireland and the Netherlands based largely upon employee responses to surveys. We believe our relationships with our employees are good.

Facilities

Our child care and early education centers are primarily operated at work-site locations and vary in design and capacity in accordance with employer sponsor needs and state and local regulatory requirements. Our North American child care and early education centers typically have an average capacity of 127 children. Our locations in Europe and India have an average capacity of 78 children. As of December 31, 2014, our child care and early education centers had a total licensed capacity of approximately 101,000 children, with the smallest center having a capacity of 12 children and the largest having a capacity of approximately 570 children.

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

Available Information

We make available, free of charge, on our corporate website www.brighthorizons.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (“SEC”). The public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Information filed with the SEC is also available at www.sec.gov. References to these websites do not constitute incorporation by reference of the information contained therein and should not be considered part of this document.

Item 1A. Risk Factors

Risks Related to Our Business and Industry

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

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

Even among employers that recognize the value of our services, demand may be adversely affected by general economic conditions. For example, during the recent recession, we believe sustained uncertainty in U.S. and global economic conditions and persistently high unemployment domestically resulted in reduced enrollment levels at our mature P&L centers, and enrollment remains below pre-recession levels, and in certain locations has not begun to recover. Should the economy experience additional or prolonged weakness, employer clients may reduce or eliminate their sponsorship of work and family

services, and prospective clients may not commit resources to such services. In addition, a reduction in the size of an employer's workforce could negatively impact the demand for our services and result in reduced enrollment or failure of our employer clients to renew their contracts. A deterioration of general economic conditions may adversely impact the need for our services because out-of-work parents may diminish or discontinue the use of child care services, or be unwilling to pay tuition for high-quality services. Additionally, we may not be able to increase tuition at a rate consistent with increases in our operating costs. If demand for our services were to decrease, it could disrupt our operations and have a material adverse effect on our business and operating results.

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

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

Our substantial indebtedness could adversely affect our financial condition.

We have a significant amount of indebtedness. As of December 31, 2014, we had total indebtedness of $939.2 million, excluding approximately $1.1 million of undrawn letters of credit. Our high level of debt could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing;

- requiring a substantial portion of our cash flow to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions and other general corporate purposes;

- exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest;

- limiting our flexibility in planning for and reacting to changes in the industry in which we compete; and

- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt at more favorable interest rates.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the agreement governing our senior secured credit facilities contains restrictions on the incurrence of additional indebtedness, those restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with those restrictions could be substantial. We may also seek to amend or refinance one or more of our debt instruments to permit us to finance our growth strategy or improve the terms of our indebtedness.

In addition, the borrowings under our senior secured credit facilities bear interest at variable rates. If market interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flow. Assuming all amounts under our senior secured credit facilities are fully drawn, a 100 basis point change in interest rates would result in a $10.4 million change in annual interest expense on our indebtedness under our senior secured credit facilities (subject to our base rate and LIBOR floors, as applicable). While we may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

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

The credit agreement governing our senior secured credit facilities contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to incur certain liens, make investments and acquisitions, incur or guarantee additional indebtedness, pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock, or enter into certain other types of contractual arrangements affecting our subsidiaries or indebtedness. In addition, the restrictive covenants in the credit agreement governing our senior secured credit facilities require us to maintain specified financial ratios and satisfy other financial condition tests, and we expect that the agreements governing any new senior secured credit facilities will contain similar requirements to satisfy financial condition tests and, with respect to any new revolving credit facility,

maintain specified financial ratios, subject to certain conditions. Our ability to meet those financial ratios and tests can be affected by events beyond our control.

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

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

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

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

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

If the international markets in which we compete are affected by changes in political, social, legal, economic or other factors, our business and operating results may be materially and adversely affected. As of December 31, 2014, we had 233 centers located in five foreign countries; therefore, we are subject to inherent risks attributed to operating in a global economy. Our international operations may subject us to additional risks that differ in each country in which we operate, and such risks may negatively affect our results. The factors impacting the international markets in which we operate may include changes in laws and regulations affecting the operation of child care centers, the imposition of restrictions on currency conversion or the transfer of funds or increases in the taxes paid and other changes in applicable tax laws.

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

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

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

adverse effect on our brand value and our business, which, in turn, could have a material adverse effect on our financial condition and results of operations.

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

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

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

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

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

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

We derive a significant portion of our business from child care and early education centers associated with employer sponsors for whom we provide these services at single or multiple sites pursuant to contractual arrangements. Our contracts with employers for full service center-based care typically have terms of three to ten years, and our contracts related to back-up dependent care typically have terms of one to three years. While we have a history of consistent contract renewals, we may not experience a similar renewal rate in the future. The termination or non-renewal of a significant number of contracts or the termination of a multiple-site client relationship could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We are subject to additional risks in light of the material weakness that we have identified and if the Company fails to maintain an effective system of internal control over financial reporting and effective disclosure controls and procedures, we may not be able to accurately report financial results or prevent fraud.

As further described in Item 9A of this Form 10-K, management has concluded that, because of a material weakness in internal control over financial reporting related to information technology general controls, our internal control over financial reporting and our disclosure controls and procedures were not effective as of December 31, 2014. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis. If we fail to remediate this material weakness in our internal control, or after having remediated such material weakness, thereafter fail to maintain the adequacy of our internal control over financial reporting or our disclosure controls and procedures, we could be subjected to regulatory scrutiny, civil or criminal penalties or shareholder litigation, the defense of any of which could cause the diversion of management’s attention and resources, we could incur significant legal and other expenses, and we could be required to pay damages to settle such actions if any such actions were not resolved in our favor. Moreover, we may be the subject of negative publicity focusing on this material weakness and we may be subject to negative reactions from shareholders and others with whom we do business. In addition, continued or future failure to maintain adequate internal control over financial reporting could result in financial statements that do not accurately reflect our financial condition or results of operations. As of the date of filing of this Annual Report, we have not fully remediated the identified material weakness. We may not be able to remediate the material weakness in a timely manner and our management may be required to

devote significant time and expense to remediate the material weakness. Furthermore, there can be no assurance that we will not conclude in the future that this weakness continues to exist or that we will not identify any significant deficiencies or other material weaknesses that will impair our ability to report our financial condition and results of operations accurately or on a timely basis.

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

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

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

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

Our operating results are subject to seasonal fluctuations.

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

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

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

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

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

with the same health, safety and operational regulations with which we comply. Therefore, we may be unable to continue to compete successfully against current and future competitors.

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

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

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

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

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

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

Our tax rate is dependent upon a number of factors, a change in any of which could impact our future tax rates and net income.

As a global company, our future tax rates may be adversely affected by a number of factors, including changes in tax laws or the interpretation of such tax laws in the various jurisdictions in which we operate; changes in the estimated realization of our net deferred tax assets; the jurisdictions in which profits are determined to be earned and taxed; the repatriation of non-U.S. earnings for which we have not previously provided taxes; adjustments to estimated taxes upon finalization of various tax returns; increases in expenses that are not deductible for tax purposes, including impairment of goodwill in connection with acquisitions; changes in available tax credits; and the resolution of issues arising from tax audits with various tax authorities. Losses for which no tax benefits can be recorded could materially impact our tax rate and its volatility from one quarter to another. Any significant change in our jurisdictional earnings mix or in the tax laws in those jurisdictions could impact our future tax rates and net income in those periods.

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

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

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

Risks Related to Our Common Stock

We are no longer a “controlled company” within the meaning of the New York Stock Exchange listing rules. However, we may continue to rely on exemptions from certain corporate governance requirements during the one year transition period.

As of December 10, 2014, our Sponsor no longer controls a majority of the voting power of our outstanding common stock. As a result, we are no longer a "controlled company" under the New York Stock Exchange ("NYSE") rules.

Consequently, under the NYSE corporate governance rules, we will be required to comply with certain corporate governance requirements including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee with a written charter addressing the committee's purpose and responsibilities;
- the requirement that the nominating and corporate governance committee have at least one independent director as of the date we are no longer a "controlled company", a majority of independent directors as of 90 days of the date we are no longer a "controlled company", and be composed entirely of independent directors within 1 year of the date we are no longer a "controlled company."
- the requirement that we have a compensation committee with a written charter addressing the committee's purpose and responsibilities;
- the requirement that the compensation committee have at least one independent director as of the date we are no longer a "controlled company", a majority of independent directors as of 90 days of the date we are no longer a "controlled company", and be composed entirely of independent directors within 1 year of the date we are no longer a "controlled company"; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

During the transition periods, we intend to continue to utilize the available exemptions from certain corporate governance requirements as permitted by the NYSE rules. Accordingly, during the transition periods, you will not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance standards.

Further, certain provisions of our certificate of incorporation and bylaws were automatically triggered when our Sponsor's beneficial ownership became less than 50% of our outstanding shares, including the need for super majority approval to amend, alter, change or repeal specified provisions of our certificate of incorporation and bylaws, a prohibition on the ability of our stockholders to act by written consent and certain limitations on the ability of our stockholders to call a special meeting.

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

Since our initial public offering in January 2013, the price of our common stock, as reported on the New York Stock Exchange, has ranged from a low of $27.50 on January 25, 2013 to a high of $50.13 on February 5, 2015. In addition, the stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our operating performance or prospects, and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere herein and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;the passage of legislation or other regulatory developments affecting us or our industry;
- speculation in the press or investment community;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities; and
- changes in general market and economic conditions.

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

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

As of February 11, 2015, there were 61,651,158 shares of common stock outstanding. Approximately 43.1% of our outstanding common stock is beneficially owned by investment funds affiliated with the Sponsor and members of our management and employees.

Sales of substantial amounts of our common stock in the public market, or the perception that such sales will occur, could adversely affect the market price of our common stock and make it difficult for us to raise funds through securities offerings in the future.

In addition, certain holders of shares of our common stock may require us to register their shares for resale under the federal securities laws, and holders of additional shares of our common stock would be entitled to have their shares included in any such registration statement, all subject to reduction upon the request of the underwriter of the offering, if any. Registration of those shares would allow the holders to immediately resell their shares in the public market. Any such sales or anticipation thereof could cause the market price of our common stock to decline.

In addition, we have registered shares of common stock that are reserved for issuance under our 2012 Omnibus Long-Term Incentive Plan.

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

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

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our by-laws, or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

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

As of February 11, 2015, investment funds affiliated with the Sponsor beneficially owned 42.2% of our outstanding common stock. For as long as the Sponsor continues to control a substantial percentage of the voting power of our common stock, it will be able to direct the election of all of the members of our board of directors and could also have some influence over our business and affairs, including any determinations with respect to mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional common stock or other equity securities, the repurchase or redemption of common stock and the payment of dividends.

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease approximately 86,000 square feet of office space for our corporate headquarters in Watertown, Massachusetts under an operating lease that expires in 2020, with two ten-year renewal options. We also lease approximately 32,800 square feet for our contact center in Broomfield, Colorado, as well as spaces for regional administrative offices including locations in Rushden and London in the United Kingdom, and Amsterdam, in the Netherlands.

As of December 31, 2014, we operated 884 child care and early education centers in 42 U.S. states and the District of Columbia, Puerto Rico, the United Kingdom, Canada, Ireland, the Netherlands and India, of which 75 were owned, with the remaining centers being operated under leases or operating agreements. The leases typically have initial terms ranging from 10 to 15 years with various expiration dates, often with renewal options. Certain owned properties are subject to mortgages under the terms of our senior credit agreement governing our senior credit facilities. The following table summarizes the locations of our child care and early education centers as of December 31, 2014:

Location	Number of Centers
United States:	
Alabama	3
Alaska	1
Arizona	12
California	70
Colorado	18
Connecticut	20
Delaware	6
District of Columbia	19
Florida	33
Georgia	24
Illinois	47
Indiana	9
Iowa	8
Kentucky	8
Louisiana	3
Maine	1
Maryland	13
Massachusetts	62
Michigan	13
Minnesota	8
Mississippi	1

Location	Number of Centers
Missouri	6
Montana	3
Nebraska	4
Nevada	6
New Hampshire	3
New Jersey	50
New Mexico	1
New York	47
North Carolina	20
Ohio	7
Oklahoma	3
Oregon	1
Pennsylvania	18
Puerto Rico	1
Rhode Island	1
South Carolina	4
South Dakota	1
Tennessee	7
Texas	33
Utah	2
Virginia	21
Washington	24
Wisconsin	9
Total United States	651
Canada	2
Ireland	6
United Kingdom	197
Netherlands	27
India	1
Total number of centers	884

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Principal Market

Our common stock has been listed on the New York Stock Exchange under the symbol "BFAM" since January 25, 2013. Prior to that time, there was no public market for our common stock. The following tables set forth the high and low sales prices of our common stock for each of the fiscal quarters ended March 31, June 30, September 30 and December 31 for the past two fiscal years as reported on the New York Stock Exchange.

	High	Low
2014:		
First quarter	$ 40.05	$ 35.65
Second quarter	$ 44.16	$ 36.98
Third quarter	$ 43.78	$ 39.66
Fourth quarter	$ 47.30	$ 40.60

	High	Low
2013:		
First quarter (1)	$ 36.26	$ 27.50
Second quarter	$ 38.39	$ 30.35
Third quarter	$ 37.40	$ 32.88
Fourth quarter	$ 37.99	$ 32.78

(1) Represents the period from January 25, 2013, the date on which our common stock first began to trade on the New York Stock Exchange after pricing our initial public offering, through March 31, 2013, the end of our first quarter.

As of February 11, 2015, there were 23 holders of record of our common stock.

Dividend Policy

There were no cash dividends paid on any of our classes of equity during the past two fiscal years. Our board of directors does not currently intend to pay regular dividends on our common stock. However, we expect to reevaluate our dividend policy on a regular basis and may, subject to compliance with the covenants contained in our senior secured credit facilities and other considerations, determine to pay dividends in the future.

Issuer Purchases of Equity Securities

The following table sets forth information regarding purchases of our common stock during the three months ended December 31, 2014:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (In thousands) (1)
October 1, 2014 to October 31, 2014	276,088	$ 41.83	276,088	$ 206,218
November 1, 2014 to November 30, 2014	26,743	$ 43.00	26,743	$ 205,068
December 1, 2014 to December 31, 2014	4,500,000	$ 44.81	4,500,000	$ 3,423
	4,802,831		4,802,831	

(1) On March 28, 2014, our Board of Directors authorized the potential repurchase of up to $225.0 million of our common stock. Under this authorization, the Company has repurchased a total of 480,470 shares through open market purchases and 4.5 million shares in a single block trade, including 4.8 million shares repurchased in the three months ended December 31, 2014. The repurchase program has no expiration date. $3.4 million remains outstanding under such authorization, however we do not

expect to make any additional repurchases under this authorization. All repurchased shares have been retired as of December 31, 2014. On February 4, 2015, the Board of Directors of the Company approved a $250.0 million repurchase program of its common stock. The repurchase program has no expiration date and replaces the prior authorization.

Equity Benefit Plans

The following table provides information as of December 31, 2014 with respect to shares of our common stock that may be issued under existing equity compensation plans.

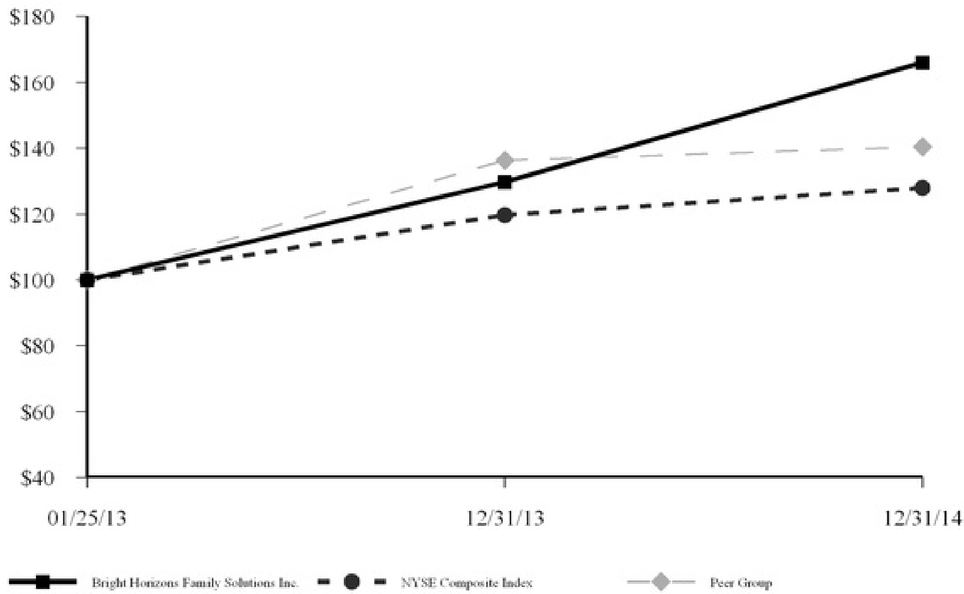
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available For Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,418,208	$ 20.14	3,401,910
Equity compensation plans not approved by security holders	—	—	—
Total	4,418,208	$ 20.14	3,401,910

Performance Graph

The following graph compares the total return to stockholders on our common stock from January 25, 2013, the date our stock became listed on the New York Stock Exchange, through December 31, 2014, relative to the total return of the following:

- the New York Stock Exchange Composite Index; and
- a peer group that we selected in good faith, consisting of seven other companies in the contracted outsourced / business services sector: The Advisory Board Company, The Corporate Executive Board Company, Healthways, IHS Inc., Iron Mountain Inc., Towers Watson and Wageworks (the “Peer Group”).

The graph assumes that $100 was invested in our common stock, and in 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 January 25, 2013. The stock price performance shown in the graph is not necessarily indicative of future performance.



	January 25, 2013	December 31, 2013	December 31, 2014
Bright Horizons Family Solutions Inc.	$ 100.00	$ 129.73	$ 166.00
NYSE Composite Index	$ 100.00	$ 119.71	$ 127.92
Peer Group	$ 100.00	$ 136.30	$ 140.42

Item 6. Selected Financial Data

The following table sets forth our selected historical consolidated financial data, and should be read in conjunction with “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 Annual Report on Form 10-K. The selected historical financial data has been derived from our audited consolidated financial statements. Historical results are not necessarily indicative of the results to be expected for future periods.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands, except share data)				
Consolidated Statement of Operations Data:					
Revenue	$ 1,352,999	$ 1,218,776	$ 1,070,938	$ 973,701	$ 878,159
Cost of services	1,039,397	937,840	825,168	766,500	698,264
Gross profit	313,602	280,936	245,770	207,201	179,895
Selling, general and administrative expenses	137,683	141,827	123,373	92,938	83,601
Amortization of intangible assets	28,999	30,075	26,933	27,427	27,631
Income from operations	146,920	109,034	95,464	86,836	68,663
Gains from foreign currency transactions	—	—	—	835	—
Loss on extinguishment of debt (1)	—	(63,682)	—	—	—
Interest income	103	85	152	824	28
Interest expense	(34,709)	(40,626)	(83,864)	(82,908)	(88,999)
Net interest expense and other	(34,606)	(104,223)	(83,712)	(81,249)	(88,971)
Income (loss) before income taxes	112,314	4,811	11,752	5,587	(20,308)
Income tax (expense) benefit	(40,279)	7,533	(3,243)	(825)	10,314
Net income (loss)	72,035	12,344	8,509	4,762	(9,994)
Net (loss) income attributable to non-controlling interest	—	(279)	347	3	—
Net income (loss) attributable to Bright Horizons Family Solutions Inc.	$ 72,035	$ 12,623	$ 8,162	$ 4,759	$ (9,994)
Accretion of Class L preference	—	—	79,211	71,568	64,712
Accretion of Class L preference for vested options	—	—	5,436	1,274	1,251
Net income (loss) available to common shareholders	$ 72,035	$ 12,623	$ (76,485)	$ (68,083)	$ (75,957)
Allocation of net income (loss) to common shareholders:					
Class L—basic and diluted	$ —	$ —	$ 79,211	$ 71,568	$ 64,712
Common stock—basic	$ 71,755	$ 12,623	$ (76,485)	$ (68,083)	$ (75,957)
Common stock—diluted	$ 71,761	$ 12,623	$ (76,485)	$ (68,083)	$ (75,957)
Earnings (loss) per share:					
Class L—basic and diluted	$ —	$ —	$ 59.73	$ 54.33	$ 49.21
Common stock—basic	$ 1.09	$ 0.20	$ (12.62)	$ (11.32)	$ (12.64)
Common stock—diluted	$ 1.07	$ 0.20	$ (12.62)	$ (11.32)	$ (12.64)
Weighted average shares outstanding: (2)					
Class L—basic and diluted	—	—	1,326,206	1,317,273	1,315,153
Common stock—basic	65,612,572	62,659,264	6,058,512	6,016,733	6,006,960
Common stock—diluted	67,244,172	64,509,036	6,058,512	6,016,733	6,006,960
Consolidated Balance Sheet Data (at period end):					
Total cash and cash equivalents	$ 87,886	$ 29,585	$ 34,109	$ 30,448	$ 15,438
Total assets	2,141,076	2,102,670	1,916,108	1,771,164	1,721,692
Total liabilities, excluding debt	468,940	449,310	401,125	389,986	362,034
Total debt, including current maturities	921,177	764,223	906,643	799,257	795,458
Total redeemable non-controlling interest	—	—	8,126	15,527	—
Class L common stock	—	—	854,101	772,422	699,533
Total stockholders' equity (deficit)	750,959	889,137	(253,887)	(206,028)	(135,333)

(1) The Company recognized a loss on the extinguishment of debt in the year ended December 31, 2013 in relation to its debt refinancing on January 30, 2013.

(2) On January 11, 2013, we effected a 1–for–1.9704 reverse split of our Class A common stock. All previously reported Class A per share and Class A share amounts in the table above and in the consolidated financial statements included elsewhere herein have been retroactively adjusted to reflect the reverse stock split. In addition, we converted each share of our Class L common stock into 35.1955 shares of Class A common stock, and, immediately following the conversion of our Class L common stock, reclassified the Class A common stock into common stock, which was recorded in the first quarter of 2013. These two events are collectively referred to herein as the "Reclassification."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the "Selected Financial Data" and the audited consolidated financial statements and related notes appearing elsewhere in this annual report on Form 10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and generally contain words such as "believes," expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "anticipates" or similar expressions. Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied by the forward-looking statement. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" for a discussion of factors that could cause our actual results to differ from those expressed or implied by forward-looking statements.

Overview

We are a leading provider of high-quality child care and early education as well as other services that are designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve their employee engagement, productivity, recruitment and retention. As of December 31, 2014, we had more than 900 client relationships with employers across a diverse array of industries, including more than 140 Fortune 500 companies and more than 80 of *Working Mother* magazine's 2014 "100 Best Companies for Working Mothers."

At December 31, 2014, we operated 884 child care and early education centers, consisting of 653 centers in North America and 231 centers in Europe and India. We have the capacity to serve approximately 101,000 children in 42 states, the District of Columbia, the United Kingdom, Puerto Rico, Canada, Ireland, the Netherlands and India. We seek to cluster centers in geographic areas to enhance operating efficiencies and to create a leading market presence. Our North American child care and early education centers have an average capacity of 127 children per location, while the centers in Europe and India have an average capacity of 78 children per location.

We operate centers for a diverse group of clients. At December 31, 2014, we managed child care centers on behalf of single employers in the following industries and also manage lease/consortium locations in approximately the following proportions:

	Percentage of Centers	
Classification	**North America**	**Europe**
Single employer locations:		
Consumer	7.5%	2.5%
Financial Services	10.0	2.5
Government	7.5	5.0
Higher Education	7.5	5.0
Healthcare and Pharmaceuticals	20.0	5.0
Industrial/Manufacturing	2.5	2.5
Professional Services and Other	7.5	—
Technology	5.0	2.5
	67.5	25.0
Lease/consortium locations	32.5	75.0
	100.0%	100.0%

Segments

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

Center Models

We operate our centers under two principal business models, which we refer to as profit & loss ("P&L") and cost-plus. Approximately 75% of our centers operate under the P&L model. Under this model, we retain the financial risk for the child care and early education centers and are therefore subject to variability in financial performance due to fluctuation in enrollment levels. The P&L model is further classified into two subcategories: (i) the sponsor model and (ii) the lease/consortium model. Under the sponsor model, we provide child care and early education services on a priority enrollment basis for employees of an employer sponsor, and the employer sponsor generally funds the development of the facility, pre-opening and start-up capital equipment, and maintenance costs. Our operating contracts typically have initial terms ranging from three to ten years. Under the lease/consortium model, the child care center is typically located in an office building or office park in a property that we lease, and we provide these services to the employees of multiple employers. We typically negotiate initial lease terms of 10 to 15 years for these centers, often with renewal options.

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

Approximately 25% of our centers operate under the cost-plus business model. Under this model, we receive a management fee from the employer sponsor and an additional operating subsidy from the employer to supplement tuition paid by parents of children in the center. Under this model, the employer sponsor typically funds the development of the facility, pre-opening and start-up capital equipment, and maintenance costs, and the center is profitable from the outset. Our cost-plus contracts typically have initial terms ranging from three to five years. For additional information about the way we operate our centers, see "Business—Our Operations."

Performance and Growth Factors

We believe that 2014 was a successful year for the Company. We grew our income from operations by 34.7%, from $109.0 million to $146.9 million and increased net income from $12.3 million in 2013 to $72.0 million in 2014. In addition, we ended 2014 with the capacity to serve 101,000 children and families in our full service and back-up child care centers, and we added 33 child care and early education centers and closed 29 centers, resulting in a net increase of 4 centers for the year. We expect to add approximately 20-25 net new centers in 2015.

Our year-over-year improvement in operating income can be attributed to enrollment gains in ramping and mature centers, disciplined pricing strategies aimed at covering anticipated cost increases with tuition increases, contributions from new mature child care centers added through acquisitions or transitions of management, and expanded back-up dependent care and educational advisory services.

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

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

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

- successful integration of acquisitions and transitions of management of centers, and
- successful management and improvement of underperforming centers.

Cost Factors

Our most significant expense is cost of services. Cost of services consists of direct expenses associated with the operation of our centers, direct expenses to provide back-up dependent care services (including fees to back-up dependent care providers) and direct expenses to provide educational advisory services. Direct expenses consist primarily of staff salaries, taxes and benefits, food costs, program supplies and materials, parent marketing and facilities costs, including occupancy costs and depreciation. Personnel costs are the largest component of a center's operating costs, and, on a weighted average basis, comprise approximately 70% of a center's operating expenses. We are typically responsible for additional costs in a P&L model center as compared to a cost-plus model center. As a result, personnel costs in centers operating under the P&L model will typically represent a smaller proportion of overall costs when compared to the centers operating under the cost-plus model.

We are highly leveraged. As of December 31, 2014, our consolidated total debt was $921.2 million and, historically, a large portion of our cash flows from operations has been used to make interest payments on our indebtedness. In connection with the refinancing of our debt in January 2013, we reduced our annual interest payments from $34.9 million in 2013 to $32.5 million in 2014, and we expect our interest payments to approximate $37.0 million in 2015, including interest on the incremental term loans we borrowed in December 2014.

Seasonality

Our business is subject to seasonal and quarterly fluctuations. Demand for child care and early education and elementary school services has historically decreased during the summer months when school is not in session, at which time families are often on vacation or have alternative child care arrangements. In addition, our enrollment declines as older children transition to elementary schools. Demand for our services generally increases in September and October coinciding with the beginning of the new school year and remains relatively stable throughout the rest of the school year. In addition, use of our back-up dependent care services tends to be higher when schools are not in session and during holiday periods, which can increase the operating costs of the program and impact the results of operations. Results of operations may also fluctuate from quarter to quarter as a result of, among other things, the performance of existing centers, including enrollment and staffing fluctuations, the number and timing of new center openings, acquisitions and management transitions, the length of time required for new centers to achieve profitability, center closings, refurbishment or relocation, the contract model mix (P&L versus cost-plus) of new and existing centers, the timing and level of sponsorship payments, competitive factors and general economic conditions.

The following table sets forth statement of operations data as a percentage of revenue for the three years ended December 31, 2014, (in thousands, except percentages).

	Years Ended December 31,					
	2014		2013		2012	
Revenue	$ 1,352,999	100.0 %	$ 1,218,776	100.0 %	$ 1,070,938	100.0 %
Cost of services (1)	1,039,397	76.8 %	937,840	76.9 %	825,168	77.1 %
Gross profit	313,602	23.2 %	280,936	23.1 %	245,770	22.9 %
Selling, general and administrative expenses (2)	137,683	10.2 %	141,827	11.6 %	123,373	11.5 %
Amortization of intangible assets	28,999	2.1 %	30,075	2.5 %	26,933	2.5 %
Income from operations	146,920	10.9 %	109,034	9.0 %	95,464	8.9 %
Loss on extinguishment of debt	—	— %	(63,682)	(5.2)%	—	— %
Net interest expense and other	(34,606)	(2.6)%	(40,541)	(3.4)%	(83,712)	(7.8)%
Income before tax	112,314	8.3 %	4,811	0.4 %	11,752	1.1 %
Income tax (expense) benefit	(40,279)	(3.0)%	7,533	0.6 %	(3,243)	(0.3)%
Net income	$ 72,035	5.3 %	$ 12,344	1.0 %	$ 8,509	0.8 %
Adjusted EBITDA (3)	$ 238,081	17.6 %	$ 208,541	17.1 %	$ 180,851	16.9 %
Adjusted income from operations (3)	$ 149,620	11.1 %	$ 126,850	10.4 %	$ 112,482	10.5 %
Adjusted net income (3)	$ 97,238	7.2 %	$ 78,260	6.4 %	$ 37,807	3.5 %

(1) Cost of services consists of direct expenses associated with the operation of child care centers, and direct expenses to provide back-up dependent care services, including fees to back-up care providers, and educational advisory services.

Direct expenses consist primarily of salaries, taxes and benefits for personnel, food costs, program supplies and materials, parent marketing and facilities costs, which include occupancy costs and depreciation.

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

(3) Adjusted EBITDA, adjusted income from operations and adjusted net income are non-GAAP measures, which are reconciled to net income below.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Revenue. Revenue increased $134.2 million, or 11%, to $1.4 billion for the year ended December 31, 2014 from $1.2 billion for the prior year. Revenue growth is primarily attributable to contributions from new and ramping child care and early education centers, expanded sales of our back-up dependent care services and educational advisory services, and typical annual tuition increases of 3% to 4%. Revenue generated by full service center-based care services for the year ended December 31, 2014 increased by $106.8 million, or 10%, when compared to the prior year. Our acquisitions of Kidsunlimited, an operator of 64 centers in the United Kingdom on April 10, 2013, and Children's Choice Learning Centers, Inc. ("Children's Choice"), an operator of 49 centers in the United States on July 22, 2013, contributed approximately $44.7 million of incremental revenue in the year ended December 31, 2014.

Revenue generated by back-up dependent care services in the year ended December 31, 2014 increased by $18.4 million, or 13%, when compared to the prior year. Additionally, revenue generated by other educational advisory services in the year ended December 31, 2014 increased by $9.0 million, or 37%, when compared to the prior year.

Cost of Services. Cost of services increased $101.6 million, or 11%, to $1.0 billion for the year ended December 31, 2014 when compared to the prior year. Cost of services in the full service center-based care services segment increased $89.7 million, or 11%, to $931.1 million in 2014. In 2014 and 2013, personnel costs typically represent approximately 70% of total cost of services for this segment, and personnel costs increased 9% as a result of a 14% increase in overall enrollment, routine wage and benefit cost increases, and labor costs associated with centers we have added since December 31, 2013 that are in the ramping stage. In addition, program supplies, materials, food and facilities costs, which comprise approximately 30% of total cost of services for this segment, increased 16% in connection with the enrollment growth and the incremental occupancy costs associated with centers that have been added since December 31, 2013. Cost of services in the back-up dependent care segment increased $8.0 million, or 10%, to $90.9 million for the year ended December 31, 2014, primarily for personnel costs and for increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by $3.9 million, or 29%, to $17.4 million for the year ended December 31, 2014 due to personnel and technology costs related to the incremental sales of these services.

Gross Profit. Gross profit increased $32.7 million, or 12%, to $313.6 million for the year ended December 31, 2014 when compared to the prior year, and was 23% as a percentage of revenue for the year ended December 31, 2014, which is consistent with the prior year. The increase in gross profit is primarily due to contributions from new and acquired centers, increased enrollment in our mature and ramping P&L centers, and expanded back-up dependent care services revenue with proportionately lower direct costs, partially offset by training and integration costs of the 2013 acquisitions as well as costs associated with additional lease model centers opened in 2013 and 2014.

Selling, General and Administrative Expenses. SGA decreased $4.1 million, or 3%, to $137.7 million for the year ended December 31, 2014 compared to $141.8 million for the prior year, and as a percentage of revenue decreased to 10% from 12% in the prior year. Results for the year ended December 31, 2014, included $2.7 million of costs associated with secondary offerings of common shares and costs associated with amending our credit agreement. Results for the year ended December 31, 2013, included a $7.5 million fee for the termination of the management agreement with Bain Capital Partners LLC ("Sponsor termination fee"), a $5.0 million stock-based compensation charge for certain stock options that vested upon completion of the Offering ("performance-based stock compensation charge"), $1.3 million of costs associated with secondary offerings of common shares and $4.0 million of acquisition related costs. After taking these respective charges into account, SGA increased over the comparable period due primarily to continued investments in technology and marketing, incremental overhead associated with the operations of the acquired businesses, an increase in compensation costs, including annual wage increases and stock-based compensation costs, as well as routine increases in SGA costs compared to the prior year.

Amortization of Intangible Assets. Amortization expense on intangible assets totaled $29.0 million for the year ended December 31, 2014, compared to $30.1 million for the prior year. We do not expect any significant change in amortization expense in 2015.

Income from Operations. Income from operations increased by $37.9 million, or 35%, to $146.9 million for the year ended December 31, 2014 when compared to 2013. Income from operations was 11% of revenue for the year ended December 31, 2014, compared to 9% in the prior year.

- In the full service center-based care segment, income from operations increased $25.0 million for the year ended December 31, 2014, compared to the same period in the prior year. Results for the year ended December 31, 2014 included a proportionate charge of $2.4 million for the costs associated with the completion of secondary offerings of our common shares and costs associated with amending our credit agreement. Results for the year ended December 31, 2013 included a proportionate charge of $15.1 million for the Sponsor termination fee, the performance-based stock compensation charge, costs associated with the completion of a secondary offering of our common shares and acquisition related costs. After taking these charges into account, income from operations increased $12.3 million in 2014 primarily due to the tuition increases and enrollment gains over the prior year as well as contributions from new and acquired centers that have been added since December 31, 2013, partially offset by incremental overhead from acquired centers during the integration period.

- Income from operations for the back-up dependent care segment increased $9.6 million for the year ended December 31, 2014, compared to the same period in the prior year. Results for the year ended December 31, 2014 included a proportionate charge of $0.3 million for the costs associated with the completion of secondary offerings of our common shares and costs associated with amending our credit agreement. Results for the year ended December 31, 2013 included an aggregate proportionate charge of $1.9 million for the Sponsor termination fee and the performance-based stock compensation charge. After taking these charges into account, income from operations increased $8.0 million in 2014 due to the expanding revenue base.

- Income from operations in the other educational advisory services segment increased $3.3 million for the year ended December 31, 2014, compared to the same period in 2013. Results for the year ended December 31, 2013 included an aggregate proportionate charge of $0.8 million for the Sponsor termination fee and the performance-based stock compensation charge. After taking these charges into account, income from operations increased $2.5 million in 2014.

Loss on Extinguishment of Debt. In connection with the refinancing of all of our existing debt on January 30, 2013, we recorded a loss on extinguishment of debt of $63.7 million, which included the redemption premiums and the write-off of existing deferred financing costs.

Net Interest Expense and Other. Net interest expense and other decreased to $34.6 million for the year ended December 31, 2014 from $40.5 million in 2013 due to the debt refinancing completed on January 30, 2013, which reduced the rate at which interest is payable, and also reduced total borrowings outstanding.

Income Tax Expense. We recorded an income tax expense of $40.3 million during the year ended December 31, 2014, compared to an income tax benefit of $7.5 million during the prior year. The difference between the effective income tax and the statutory rate for 2014 was due primarily to the recognition of unrecognized tax benefits of approximately $1.5 million due to the completion of tax examinations and a lapse of the statute of limitations in certain jurisdictions in the fourth quarter of 2014 and differences resulting from filing tax returns. The difference between the effective income tax and the statutory rate for 2013 was due primarily to the recognition of unrecognized tax benefits of approximately $5.3 million upon completion of a tax enquiry in the United Kingdom in the second quarter of 2013 and lapse of the statute of limitations in certain jurisdictions in the fourth quarter of 2013, recognition of tax credit due to law change, and decrease in the applicable tax rate in the United Kingdom.

Adjusted EBITDA and Adjusted Income from Operations. Adjusted EBITDA and adjusted income from operations increased $29.5 million, or 14%, and $22.8 million, or 18%, respectively, for the year ended December 31, 2014 over the comparable period in 2013 primarily as a result of the increase in gross profit due to additional contributions from full-service centers, including the impact of acquired centers as well as the growth in the back-up dependent care business, offset by increases in SGA spending.

Adjusted Net Income. Adjusted net income increased $19.0 million, or 24%, for the year ended December 31, 2014 when compared to the same period in 2013 primarily due to the incremental gross profit described above, which was offset by increases in SGA spending to support the growth. Adjusted net income also increased due to the reduction in interest expense associated with the refinancing of our debt in January 2013.

Year Ended December 31, 2013 Compared to the December 31, 2012

Revenue. Revenue increased $147.8 million, or 14%, to $1.2 billion for the year ended December 31, 2013 from $1.07 billion for the prior year. Revenue growth is primarily attributable to contributions from new and ramping child care and early education centers, expanded sales of our back-up dependent care services and typical annual tuition increases of 3% to 4%. Revenue generated by full service center-based care services in the year ended December 31, 2013 increased by $127.6 million,

or 14%, when compared to the prior year. Our acquisitions of Kidsunlimited and Casterbridge Early Care and Education contributed approximately $86.9 million of incremental revenue in the year ended December 31, 2013.

Revenue generated by back-up dependent care services in the year ended December 31, 2013 increased by $14.4 million, or 11%, when compared to the prior year. Additionally, revenue generated by other educational advisory services in the year ended December 31, 2013 increased by $5.8 million, or 31%, when compared to the prior year.

Cost of Services. Cost of services increased $112.7 million, or 14%, to $937.8 million for the year ended December 31, 2013 when compared to the prior year. Cost of services in the full service center-based care services segment increased $100.8 million, or 14%, to $841.3 million in 2013. Personnel costs increased 11% as a result of a 14% increase in overall enrollment and routine wage increases. In addition, program supplies, materials, food and facilities costs increased 21% in connection with the enrollment growth and the incremental occupancy costs associated with centers that have been added since December 31, 2012. Cost of services in the back-up dependent care segment increased $8.0 million, or 11%, to $82.9 million for the year ended December 31, 2013, primarily for personnel costs and for increased care provider fees associated with the higher levels of back-up services provided. Cost of services in the other educational advisory services segment increased by $3.9 million, or 40%, to $13.6 million for the year ended December 31, 2013, due to personnel and technology costs related to the incremental sales of these services.

Gross Profit. Gross profit increased $35.2 million, or 14%, to $280.9 million for the year ended December 31, 2013 when compared to the prior year, and as a percentage of revenue, was 23% for the year ended December 31, 2013, which is consistent with the prior year. The increase in gross profit is primarily due to contributions from acquired centers, increased enrollment in our mature and ramping P&L centers and expanded back-up services revenue with proportionately lower direct cost partially offset by training and integration costs of the 2013 acquisitions as well as costs associated with additional lease model centers in 2013.

Selling, General and Administrative Expenses. SGA increased $18.5 million, or 15%, to $141.8 million for the year ended December 31, 2013 compared to $123.4 million for the prior year, and as a percentage of revenue remained consistent at 12% compared to the prior year. Results for the year ended December 31, 2013 included a $7.5 million fee for the Sponsor termination fee, a $5.0 million performance based stock compensation charge, $1.3 million of costs associated with secondary offerings of common shares and $4.0 million of acquisition related costs. Results for the year ended December 31, 2012 included $15.2 million of incremental compensation associated with the modification of the previously existing awards and the issuance of immediately vested options and $1.8 million of expenses associated with the Offering and refinancing. In addition to these items, SGA increased over the comparable period due primarily to continued investments in technology and marketing, incremental overhead related to the operations of the acquired businesses, an increase in compensation costs, including annual wage increases and stock-based compensation costs, as well as routine increases in SGA costs compared to the prior year.

Amortization of Intangible Assets. Amortization expense on intangible assets totaled $30.1 million for the year ended December 31, 2013, compared to $26.9 million for the prior year due to acquisitions in 2012 and 2013. We do not expect any significant change in amortization expense in 2014.

Income from Operations. Income from operations increased by $13.6 million, or 14%, to $109.0 million for the year ended December 31, 2013 when compared to 2012. Income from operations was 9% of revenue for the year ended December 31, 2013, which is consistent with the prior year.

- In the full service center-based care segment, income from operations increased $7.1 million for the year ended December 31, 2013. Results for the year ended December 31, 2013 included a proportionate charge for the Sponsor termination fee, the performance-based stock compensation charge, costs associated with the secondary offerings of common shares and acquisition related costs, which aggregated to $15.1 million. Results for the year ended December 31, 2012 included $12.6 million of incremental compensation costs associated with the modification of the previously existing awards and the issuance of immediately vested options as well as costs related to the Offering. In addition to these items, income from operations increased over the comparable period of 2012 primarily due to the tuition increases and enrollment gains over the prior year as well as contributions from new and acquired centers that have been added in 2013 partially offset by incremental overhead from acquired centers during the integration period.

- Income from operations for the back-up dependent care segment increased $5.9 million in the year ended December 31, 2013. Results for the year ended December 31, 2013 included an aggregate proportionate charge of $1.9 million for the Sponsor termination fee and the performance-based stock compensation charge. Results for the year ended December 31, 2012 included $3.1 million of incremental compensation associated with the modification of the previously existing awards and the issuance of immediately vested options as well as costs related to the Offering.

- Income from operations in the other educational advisory services segment increased $0.6 million for the year ended December 31, 2013 compared to the same period in 2012. Results for the year ended December 31, 2013 included an aggregate proportionate charge of $0.8 million for the Sponsor termination fee and the performance-based stock

compensation charge. Results for the year ended December 31, 2012 included $1.3 million of incremental compensation associated with the modification of the previously existing awards and the issuance of immediately vested options as well as costs related to the Offering.

Loss on Extinguishment of Debt. In connection with the refinancing of all of our existing debt on January 30, 2013, we recorded a loss on extinguishment of debt of $63.7 million, which included the redemption premiums and the write-off of existing deferred financing costs.

On January 30, 2013, we completed a refinancing of our existing debt with $890.0 million senior secured credit facilities which included a $790.0 million senior secured term loan facility and a $100.0 million revolving credit facility. We used the net proceeds of our initial public offering and certain proceeds from the issuance of the $790.0 million secured term loan to redeem our senior notes in full for $213.3 million. We used the remainder of the $790.0 million secured term loan to repay all of the existing indebtedness under the senior subordinated notes as well as existing indebtedness outstanding under the term loans. Accordingly, we recognized a loss on extinguishment of debt of $63.7 million including redemption premiums on the senior notes, the senior subordinated notes and the Series C term loans, and the write-off of deferred financing costs associated with this indebtedness, in the first quarter of 2013.

Net Interest Expense and Other. Net interest expense and other decreased to $40.5 million for the year ended December 31, 2013 from $83.7 million in 2012 due to the debt refinancing completed on January 30, 2013, which reduced the rate at which interest is payable, and also reduced total borrowings outstanding.

Income Tax Expense. We recorded an income tax benefit of $7.5 million during the year ended December 31, 2013, compared to an income tax expense of $3.2 million during the prior year. The difference between the effective income tax and the statutory rate for 2013 was due primarily to the recognition of unrecognized tax benefits of approximately $5.3 million upon completion of a tax enquiry in the United Kingdom in the second quarter of 2013 and lapse of statute of limitations in certain jurisdictions in the fourth quarter of 2013, recognition of tax credit due to law change, and decrease in the applicable tax rate in the United Kingdom.

Adjusted EBITDA and Adjusted Income from Operations. Adjusted EBITDA and adjusted income from operations increased $27.7 million, or 15% and $14.4 million, or 13%, respectively, for the year ended December 31, 2013 over 2012 primarily as a result of the increase in gross profit due to additional contributions from full-service centers, including the impact of acquired centers as well as the growth in the back-up business, offset by increases in SGA spending.

Adjusted Net Income. Adjusted net income increased $40.5 million, or 107% for the year ended December 31, 2013 when compared to 2012 primarily due to the incremental gross profit described above, which was offset by increases in SGA spending to support the growth. Adjusted net income also increased due to the reduction in interest expense associated with the refinancing of our debt in January 2013.

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A reconciliation of the non-GAAP measures of adjusted EBITDA, adjusted income from operations and adjusted net income are as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Net income	$ 72,035	$ 12,344	$ 8,509
Interest expense, net	34,606	40,541	83,712
Income tax expense (benefit)	40,279	(7,533)	3,243
Depreciation	48,448	42,733	34,415
Amortization of intangible assets (a)	28,999	30,075	26,933
EBITDA	224,367	118,160	156,812
Additional adjustments:			
Loss on extinguishment of debt (b)	—	63,682	—
Deferred rent (c)	3,092	2,985	2,142
Stock compensation expense (d)	7,922	10,692	17,596
Sponsor management fee (e)	—	7,674	2,500
Expenses related to stock offerings and Credit Agreement amendment (g)	2,700	1,336	1,801
Acquisition-related costs (f)	—	4,012	—
Total adjustments	13,714	90,381	24,039
Adjusted EBITDA	**$ 238,081**	**$ 208,541**	**$ 180,851**
Income from operations	$ 146,920	$ 109,034	$ 95,464
Performance-based stock compensation expense (2013) and effect of option modification (2012) (d)	—	4,968	15,217
Sponsor termination fee (e)	—	7,500	—
Expenses related to stock offerings and Credit Agreement amendment (g)	2,700	1,336	1,801
Acquisition-related costs (f)	—	4,012	—
Adjusted income from operations	**$ 149,620**	**$ 126,850**	**$ 112,482**
Net income	$ 72,035	$ 12,344	$ 8,509
Income tax expense (benefit)	40,279	(7,533)	3,243
Income before tax	112,314	4,811	11,752
Stock compensation expense (d)	7,922	10,692	17,596
Sponsor management fee (e)	—	7,674	2,500
Amortization of intangible assets (a)	28,999	30,075	26,933
Expenses related to stock offerings and Credit Agreement amendment (g)	2,700	1,336	1,801
Acquisition-related costs (f)	—	4,012	—
Loss on extinguishment of debt (b)	—	63,682	—
Adjusted income before tax	151,935	122,282	60,582
Adjusted income tax expense (h)	(54,697)	(44,022)	(22,775)
Adjusted net income	**$ 97,238**	**$ 78,260**	**$ 37,807**

(a) Represents amortization of intangible assets, including approximately $20.0 million in 2014, 2013 and 2012 associated with intangible assets recorded in connection with our going private transaction in May 2008.

(b) Represents redemption premiums and write off of unamortized debt issue costs and original issue discount associated with indebtedness that was repaid in connection with a refinancing.

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

(d) Represents non-cash stock-based compensation expense, including performance-based stock compensation expense in 2013.

(e) Represents fees paid to our Sponsor under a management agreement, including the Sponsor termination fee.

(f) Represents costs associated with the acquisition of businesses.

(g) Represents costs incurred in connection with secondary offerings of common stock in June 2013, March 2014, and December 31, 2014, costs incurred in connection with the initial public offering of common stock completed in January 2013, and costs in connection with the November 2014 amendment to the Credit Agreement.

(h) Represents income tax expense calculated on adjusted income before tax at the annual effective rate of approximately 36% for both of the years ended December 31, 2014 and 2013, and of approximately 38% for the year ended December 31, 2012.

Adjusted EBITDA, adjusted income from operations and adjusted net income are not presentations made in accordance with GAAP, and the use of the terms adjusted EBITDA, adjusted income from operations, and adjusted net income may differ from similar measures reported by other companies. We believe that adjusted EBITDA, adjusted income from operations and adjusted net income provide investors with useful information with respect to our historical operations. We present adjusted EBITDA, adjusted income from operations and adjusted net income as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under GAAP, while isolating the effects of some items that vary from period to period. Specifically, adjusted EBITDA allows for an assessment of our operating performance and of our ability to service or incur indebtedness without the effect of non-cash charges, such as depreciation, amortization, the excess of rent expense over cash rent expense and stock compensation expense, and the effect of fees associated with our Sponsor management agreement, which was terminated in connection with the completion of our Offering on January 30, 2013, as well as the expenses related to the acquisition of businesses. In addition, adjusted income from operations and adjusted net income allow us to assess our performance without the impact of the specifically identified items that we believe do not directly reflect our core operations. These measures also function as benchmarks to evaluate our operating performance. Adjusted EBITDA, adjusted income from operations and adjusted net income are not measurements of our financial performance under GAAP and should not be considered in isolation or as an alternative to income before taxes, net income, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. The Company understands that although adjusted EBITDA, adjusted income from operations and adjusted net income are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted EBITDA, adjusted income from operations, and adjusted net income do not fully reflect the Company’s cash expenditures, future requirements for capital expenditures or contractual commitments;
- adjusted EBITDA, adjusted income from operations, and adjusted net income do not reflect changes in, or cash requirements for, the Company’s working capital needs;
- adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and,
- adjusted EBITDA, adjusted income from operations and adjusted net income do not reflect any cash requirements for such replacements.

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

Non-GAAP Earnings per Share

On January 30, 2013, the Company completed an initial public offering (“the Offering”) and, after the exercise of the underwriters’ overallotment option on February 21, 2013, issued a total of 11.6 million shares of common stock. On January 11, 2013, the Company effected a 1–for–1.9704 reverse split of its Class A common stock. In addition, the Company converted each share of its Class L common stock into 35.1955 shares of Class A common stock, and, immediately following the conversion of its Class L common stock, reclassified those shares as well as all outstanding shares of Class A common stock, into common stock. As a result of the reclassification of Class A common stock to common stock, all references to “Class A common stock” have been changed to “common stock” for all periods presented. The number of common shares used in the calculations of diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share for the years ended December 31, 2013 and 2012 give effect to the conversion of all weighted average outstanding shares of Class L common stock at the conversion factor of 35.1955 common shares for each Class L share, as if the conversion was completed at the beginning of the each year.

The calculations of diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share also include the dilutive effect of common stock options, using the treasury stock method. Shares sold in the Offering are included in the diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share calculations beginning on the date that such shares were actually issued. Diluted earnings per pro forma common share is calculated using net income in accordance with GAAP. Diluted adjusted earnings per pro forma common share is calculated using adjusted net income, as defined above.

Diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share are not presentations made in accordance with GAAP, and our use of the terms diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share may vary from similar measures reported by others in our industry due to the potential differences in the method of calculation. Diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share should not be considered as alternatives to earnings per share derived in accordance with GAAP. Diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share have important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because of these limitations, we rely primarily on our GAAP results. However, we believe that presenting diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share is appropriate to provide additional information to investors to compare our performance prior to and after the completion of our initial public offering and related conversion of Class L shares into common as well as to provide investors with useful information regarding our historical operating results. The following table sets forth the computation of diluted earnings per pro forma common share and diluted adjusted earnings per pro forma common share:

	2014	2013	2012
	(In thousands, except share data)		
Diluted earnings per pro forma common share:			
Net income	$ 72,035	$ 12,344	$ 8,509
Pro forma weighted average number of common shares—diluted:			
Weighted average number of Class L shares over period in which Class L shares were outstanding (1)	—	1,327,115	1,326,206
Adjustment to weight Class L shares over respective period	—	(1,290,251)	—
Weighted average number of Class L shares over period	—	36,864	1,326,206
Class L conversion factor	—	35.1955	35.1955
Weighted average number of converted Class L common shares	—	1,297,479	46,676,483
Weighted average number of common shares	65,612,572	62,659,264	6,058,512
Pro forma weighted average number of common shares—basic	65,612,572	63,956,743	52,734,995
Incremental dilutive shares—stock options using treasury stock method	1,631,600	1,849,772	256,418
Pro forma weighted average number of common shares—diluted	67,244,172	65,806,515	52,991,413
Diluted earnings per pro forma common share	**$ 1.07**	**$ 0.19**	**$ 0.16**
Diluted adjusted earnings per pro forma common share:			
Adjusted net income	$ 97,238	$ 78,260	$ 37,807
Pro forma weighted average number of common shares—diluted	67,244,172	65,806,515	52,991,413
Diluted adjusted earnings per pro forma common share	**$ 1.45**	**$ 1.19**	**$ 0.71**

(1) The weighted average number of Class L shares in the actual Class L earnings per share calculation for the year ended December 31, 2013 represents the weighted average from the beginning of the period up through the date of conversion of the Class L shares into common shares. As such, the pro forma weighted average number of common shares includes an adjustment to the weighted average number of Class L shares outstanding to reflect the length of time the Class L shares were outstanding prior to conversion relative to the respective years. The converted Class L shares are already included in the weighted average number of common shares outstanding for the period after their conversion.

Liquidity and Capital Resources

Our primary cash requirements are for the ongoing operations of our existing child care centers, back-up dependent care and other educational advisory services, the addition of new centers through development or acquisition and debt financing obligations. Our primary sources of liquidity are our cash flows from operations and borrowings available under our revolving credit facility. No amounts were outstanding at December 31, 2014 or 2013 under the revolving credit facility.

We had a working capital deficit of $56.3 million and $89.9 million at December 31, 2014 and 2013, respectively. Our working capital deficit has arisen from using cash generated from operations to make long-term investments in fixed assets and acquisitions. We anticipate that we will continue to generate positive cash flows from operating activities and that the cash generated will be used principally to fund ongoing operations of our new and existing full service child care centers and expanded operations in the back-up dependent care and educational advisory segments, as well as to make scheduled principal and interest payments and to repurchase shares.

On January 30, 2013, we completed our initial public offering, raising $233.3 million, net of expenses, underwriting discounts and commissions, including the exercise of the underwriters' overallotment option which was completed on February 21, 2013. We used the net proceeds of our Offering and certain proceeds from the issuance of a $790.0 million senior secured term loan to redeem our senior notes in full for $213.3 million. We used the remainder of the $790.0 million senior secured term loan to refinance all of the remaining existing indebtedness under the senior credit facilities and the senior subordinated notes. The $790.0 million senior secured term loan has a maturity date in 2020 and is part of an $890.0 million senior credit facility, which includes a $100.0 million revolving credit facility due 2018.

On December 9, 2014, we entered into an Incremental Joinder which supplements and amends the credit agreement. The December 2014 amendment to the credit agreement provided for, among other things, new term loans in aggregate principal amount of $165.0 million, which were fully drawn by the Borrower on December 9, 2014. The proceeds of the loans were used for general corporate purposes, including to pay fees and expenses related to the transactions and to fund share repurchases by the Company.

On March 28, 2014, the Board of Directors of the Company approved a $225 million repurchase program of its common stock. During the year ended December 31, 2014, the Company repurchased and retired 5 million shares of common stock for $221.6 million. On February 4, 2015, the Board of Directors of the Company approved a $250 million repurchase program of its common stock. The repurchase program has no expiration date and replaces the prior authorization, of which $3.4 million remained outstanding.

We believe that funds provided by operations, our existing cash and cash equivalent balances and borrowings available under our revolving line of credit will be adequate to meet planned operating and capital expenditures for at least the next 12 months under current operating conditions. However, if we were to undertake any significant acquisitions or investments in the purchase of facilities for new or existing child care and early education centers, which requires financing beyond our existing borrowing capacity, it may be necessary for us to obtain additional debt or equity financing. We may not be able to obtain such financing on reasonable terms, or at all.

Cash Flows

	Years Ended December 31,		
	2014	2013	2012
	(In thousands)		
Net cash provided by operating activities	$ 174,297	$ 159,679	$ 106,982
Net cash used in investing activities	$ (78,001)	$ (201,132)	$ (180,890)
Net cash (used in) provided by financing activities	$ (36,420)	$ 36,761	$ 77,205
Cash and cash equivalents (beginning of period)	$ 29,585	$ 34,109	$ 30,448
Cash and cash equivalents (end of period)	$ 87,886	$ 29,585	$ 34,109

Cash Provided by Operating Activities

Cash provided by operating activities was $174.3 million for the year ended December 31, 2014, compared to $159.7 million in 2013. Net income, adjusted for non-cash expenses, decreased by $3.8 million from 2013 to 2014 due primarily to incremental income taxes paid on higher taxable income when compared to the prior year. The impact of changes in working capital during 2014 was to increase operating cash flows by $23.4 million, principally due to the timing of payments for income taxes, payroll and other routine operating expenses when compared to the prior year.

Cash provided by operating activities was $159.7 million for the year ended December 31, 2013, compared to $107.0 million in 2012. Net income, adjusted for non-cash expenses, increased by $45.8 million from 2012 to 2013, due to continued increases in gross margins and the impact of new and acquired centers. The impact of changes in working capital during 2013 was to increase operating cash flows by $5.0 million, which reflected increases in deferred revenue and deferred rent due to growth in the overall business. These increases were offset by an increase in accounts receivable due to expansion in the business and a decrease in income taxes payable due to the timing of payments. The impact of changes in working capital was minimal in 2012.

We expect to generate a similar level of cash from operations in 2015 as we generated in 2014.

Cash Used in Investing Activities

Cash used in investing activities was $78.0 million for the year ended December 31, 2014 compared to $201.1 million for the same period in 2013. The Company acquired five centers in 2014 for $13.2 million compared to 114 centers for $129.8 million in the prior year, which is the primary driver to the reduction in cash used in investing activities. Cash used in investing activities in 2014 related primarily to fixed asset additions, including the addition of new child care centers, maintenance and refurbishments in our existing centers, and continued investments in technology and equipment. The investment in fixed asset additions in 2014 was relatively consistent with 2013.

Cash used in investing activities was $201.1 million for the year ended December 31, 2013 compared to $180.9 million for the same period in 2012. The increase in cash used in investing activities in 2013 related primarily to the acquisitions of 114 centers for $129.8 million compared to the acquisition of 27 centers for $111.8 million in the prior year, as well as fixed asset additions, including the addition of new child care centers, maintenance and refurbishments in our existing centers, and continued investments in technology and equipment. The investment in fixed asset additions in 2013 was relatively consistent with 2012.

We estimate that we will spend approximately $80 to $90 million in 2015 on fixed asset additions related to new child care centers, maintenance and refurbishments in our existing centers and continued investments in technology and equipment. As part of our growth strategy, we also expect to continue to make selective acquisitions, which may vary in size and which are less predictable in terms of the timing and amount of the capital requirements.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities amounted to $36.4 million for the year ended December 31, 2014 compared to cash provided by financing activities of $36.8 million in 2013. The 2014 decrease in cash provided by financing activities related to stock repurchases of $221.6 million, offset by net proceeds of $161.8 million from the issuance of term loans, proceeds from the exercise of stock options of $17.4 million and proceeds from the issuance of restricted stock of $4.7 million.

Cash provided by financing activities amounted to $36.8 million for the year ended December 31, 2013 compared to $77.2 million in 2012. The decrease in the cash provided by financing activities was due primarily to our debt refinancing after the completion of our Offering in 2013 compared to incremental borrowings to complete and acquisition in 2012. In January 2013, we raised $233.3 million, net of directly attributable expenses and underwriting discounts and commission, in our initial public offering, and used the net proceeds along with certain proceeds from the issuance of a $790.0 million senior secured term loan to redeem our senior notes in full for $213.3 million. We used the remainder of the $790.0 million senior secured term loan to refinance all of the remaining existing indebtedness under the senior credit facilities and the senior subordinated notes. We also received proceeds of $11.0 million from the exercise of stock options and recorded a related tax benefit of $5.9 million in 2013. We also made debt repayments of $7.9 million in 2013 compared to $5.5 million in 2012.

Debt

Outstanding borrowings were as follows at December 31, 2014 and 2013 (in thousands):

	December 31,	
	2014	2013
Term loans	$ 939,200	$ 782,100
Deferred financing costs and original issue discount	(18,023)	(17,877)
Total debt	921,177	764,223
Less current maturities	9,550	7,900
Long-term debt	$ 911,627	$ 756,323

The $1.1 billion senior secured credit facilities include the following terms:

- $955.0 million secured term loan facility with a maturity date in 2020;
- $100.0 million revolving credit facility with a maturity date in 2018, of which there were no borrowings outstanding at December 31, 2014, and the entire amount was available for borrowings at that date.
- applicable margin percentages for the loan facilities range from 1.75% to 2.50% per annum for base rate loans and 2.75% to 3.50% per annum for LIBOR rate loans as defined in the credit agreement, provided that the base rate for the term loan may not be lower than 2.0% and LIBOR may not be lower than 1.0%.

Principal payments of $2.4 million are due quarterly with the remaining principal balance due on January 30, 2020.

The agreement governing our senior secured credit facilities contains a number of covenants that, among other things and subject to certain exceptions, may restrict the ability of Bright Horizons Family Solutions LLC, our wholly-owned subsidiary, and its restricted subsidiaries to: incur certain liens; make investments, loans, advances and acquisitions; incur additional indebtedness or guarantees; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; engage in transactions with affiliates; sell assets, including capital stock of our subsidiaries; alter the business we conduct; enter into agreements restricting our subsidiaries' ability to pay dividends; and consolidate or merge.

In addition, the credit agreement governing the $1.1 billion senior secured credit facilities requires Bright Horizons Capital Corp., our direct subsidiary, to be a passive holding company, subject to certain exceptions. The revolving credit facility requires Bright Horizons Family Solutions LLC, the borrower, and its restricted subsidiaries to comply with a maximum senior secured first lien net leverage ratio financial maintenance covenant, to be tested only if, on the last day of each fiscal quarter, revolving loans and/or swingline loans in excess of a specified percentage of the revolving commitments on such date are outstanding under the revolving credit facility. The breach of this covenant is subject to certain equity cure rights.

The credit agreement governing the senior secured credit facilities contains certain customary affirmative covenants and events of default. We were in compliance with our financial covenants at December 31, 2014.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2014 (in thousands):

	2015	2016	2017	2018	2019	Thereafter	Total
Long-term debt (1)	$ 9,550	$ 9,550	$ 9,550	$ 9,550	$ 9,550	$ 891,450	$ 939,200
Interest on long-term debt (2)	36,224	35,592	34,960	33,953	33,196	2,733	176,658
Operating leases	84,684	82,274	75,469	70,526	64,819	362,722	740,494
Total	$ 130,458	$ 127,416	$ 119,979	$ 114,029	$ 107,565	$ 1,256,905	$ 1,856,352

(1) Scheduled principal payments on our long-term debt.

(2) Interest on the outstanding principal balance of long-term debt calculated using the weighted average interest rate for the year ended December 31, 2014 of 3.9%, including commitment fees on the unused line of credit.

* We are unable to estimate the timing of potential future payments related to our accrual for uncertain tax positions in the amount of $0.7 million, exclusive of penalties and interest, at December 31, 2014.

Overdraft Facility

Our subsidiaries in the United Kingdom maintain an overdraft facility with a U.K. bank to support local short-term working capital requirements. The overdraft facility is repayable upon demand from the U.K. bank. The facility provides maximum borrowings of £0.3 million (approximately $0.4 million at December 31, 2014) and is secured by a cross guarantee by and among the Company's subsidiaries in the United Kingdom and a right of offset against all accounts maintained by the subsidiaries at the lending bank. The overdraft facility bears interest at the U.K. bank's base rate plus 2.15%. At December 31, 2014 and 2013, there were no amounts outstanding under the overdraft facility.

Our subsidiary in the Netherlands maintained a multi-purpose revolving credit facility with a Dutch bank to support working capital, letter of credit requirements, and the construction and fitting out of new child care centers. The facility was secured by a right of offset against all accounts we maintain at the lending bank and by an additional pledge of certain equipment. The €2.2 million facility was terminated in December 2014 and at December 31, 2013, there was €0.5 million (approximately $0.7 million) outstanding under the facility. The weighted average interest rate for the years ended December 31, 2014 and 2013 was 5.53% and 5.61%, respectively.

The Company has 23 letters of credit outstanding used to guarantee certain rent payments for up to $1.1 million. These letters of credit are guaranteed by cash deposits. No amounts have been drawn against these letters of credit.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States. Preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could

differ from these estimates. The accounting policies we believe are critical in the preparation of our consolidated financial statements relate to revenue recognition and goodwill and other intangibles. Our significant accounting policies are more fully described under the heading "Organization and Significant Accounting Policies" in Note 1 to our consolidated financial statements contained elsewhere herein.

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

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

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

We record deferred revenue for prepaid tuition and management fees and amounts received from consulting projects in advance of services being performed. We are also a party to certain agreements where the performance of services extends beyond an annual operating cycle. In these circumstances, we record a long-term obligation and recognize revenue over the period of the agreement as the services are rendered.

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

In valuing the customer relationships and trade names, we utilize variations of the income approach, which relies on historical financial and qualitative information, as well as assumptions and estimates for projected financial information. We consider the income approach the most appropriate valuation technique because the inherent value of these assets is their ability to generate current and future income. Projected financial information is subject to risk if our estimates are incorrect. The most significant estimate relates to our projected revenues and profitability. If we do not meet the projected revenues and profitability used in the valuation calculations, then the intangible assets could be impaired. In determining the value of contractual rights and customer relationships, we reviewed historical customer attrition rates and determined a rate of approximately 30% per year for relationships with parents, and approximately 3.5% to 4.0% for employer client relationships. Our multi-year contracts with client customers typically result in low annual turnover, and our long-term relationships with clients make it difficult for competitors to displace us. The value of our customer relationships intangible assets could become impaired if future results differ significantly from any of the underlying assumptions, including a higher customer attrition rate. Customer relationships are considered to be finite-lived assets, with estimated lives ranging from four to seventeen years. Certain trade names acquired as part of our strategy to expand by completing strategic acquisitions are considered to be finite-lived assets, with estimated lives ranging from five to ten years. The estimated lives were determined by calculating the number of years necessary to obtain 95% of the value of the discounted cash flows of the respective intangible asset.

Goodwill and certain trade names are considered indefinite-lived assets. Our trade names identify us and differentiate us from competitors, and, therefore, competition does not limit the useful life of these assets. Additionally, we believe that our primary trade names will continue to generate sales for an indefinite period. Goodwill and intangible assets with indefinite lives are not subject to amortization but are tested annually for impairment or more frequently if there are indicators of impairment. We test goodwill for impairment by comparing the fair value of each reporting unit, determined by estimating the present value of expected future cash flows, to its carrying value. We have identified three reporting segments: full service center-based care, back-up dependent care and other educational advisory services.

During the fourth quarter of fiscal 2014, we changed the annual goodwill impairment testing date from December 31 to October 1 of each year, which did not result in any delay, acceleration or avoidance of impairment. We believe this change is preferable because it more closely aligns the date of the annual goodwill impairment test with the timing of the Company's annual strategic planning process. This change was applied prospectively beginning on October 1, 2014; retrospective application to prior periods is impracticable as we are unable to objectively determine, without the use of hindsight, the assumptions that would have been used in those earlier periods to estimate fair value.

As part of the annual goodwill impairment assessment, we estimated the fair value of each of our operating segments using the income approach. We forecasted future cash flows by operating segment for each of the next ten years and applied a long-term growth rate to the final year of forecasted cash flows. The cash flows were then discounted using our estimated discount rate. We compared the estimated fair value to the net book value of the operating segment to determine whether we need to perform step 2 of the analysis. The estimated fair value of the operating segment has exceeded the net book value and therefore, there has been no indication of goodwill impairment.

For certain trademarks that are included in our indefinite-lived intangible assets, we estimate the fair value first by estimating the total revenue attributable to each trademark and then by applying the royalty rate determined by an analysis of empirical, market-derived royalty rates for guideline intangible assets, consistent with the initial valuation, or 1% to 2%, and then comparing the estimated fair value of the trademarks with the carrying value of the trademarks. The forecasts of revenue and profitability growth for use in our long-range plan and the discount rate were the key assumptions in our intangible fair value analysis. We identified no impairments in the years ended December 31, 2014 and 2013. Impairment losses of $0.4 million were recorded in the year ended December 31, 2012 in relation to the carrying value of one indefinite-lived trademark.

Definite-lived intangible assets are reviewed for impairment when events or circumstances indicate that the carrying amount of the asset may not be recovered. Definite-lived intangible assets are considered to be impaired if the carrying amount of the asset exceeds the undiscounted future cash flows expected to be generated by the asset over its remaining useful life. If an asset is considered to be impaired, the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value and is charged to results of operations at that time. We identified no impairments in the years ended December 31, 2014, 2013 and 2012.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Currency Risk

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

The assets and liabilities of our British, Irish, Dutch, Indian and Canadian subsidiaries, whose functional currencies are the British pound, Euro, Indian rupee and Canadian dollar, respectively, are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effects for subsidiaries using a functional currency other than the U.S. dollar are included in accumulated other comprehensive loss as a separate component of stockholders' equity. We estimate that had the exchange rate in each country unfavorably changed by 10% relative to the U.S. dollar, our consolidated earnings before taxes would have decreased by approximately $1.0 million for 2014.

Interest Rate Risk

Interest rate exposure relates primarily to the effect of interest rate changes on borrowings outstanding under our revolving line of credit and term loans. No amounts were outstanding at December 31, 2014 under our revolving credit facility and no borrowings were made during the year. We had borrowings of $939.2 million and $782.1 million outstanding at December 31, 2014 and December 31, 2013, respectively, under our term loan facility, which were subject to a weighted average interest rate of 3.9% and 4.1%, respectively. Based on the outstanding borrowings under the senior credit facilities during 2014, we estimate that had the average interest rate on our borrowings increased by 100 basis points in 2014, our interest expense for the year would have increased by approximately $8.0 million in 2014. This estimate assumes the interest rate of each borrowing is raised by 100 basis points. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of our borrowings at that time.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Bright Horizons Family Solutions Inc.
Watertown, Massachusetts

We have audited the accompanying consolidated balance sheets of Bright Horizons Family Solutions Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Bright Horizons Family Solutions Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2015 expressed an adverse opinion on the Company’s internal control over financial reporting because of a material weakness.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 2, 2015

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 87,886	$ 29,585
Accounts receivable—net	83,066	78,691
Prepaid expenses and other current assets	39,147	44,021
Current deferred income taxes	13,059	12,873
Total current assets	223,158	165,170
Fixed assets—net	398,947	390,894
Goodwill	1,095,738	1,096,283
Other intangibles—net	406,249	435,060
Deferred income taxes	580	236
Other assets	16,404	15,027
Total assets	$ 2,141,076	$ 2,102,670
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 9,550	$ 7,900
Accounts payable and accrued expenses	116,425	107,626
Deferred revenue	133,048	119,260
Other current liabilities	20,400	20,302
Total current liabilities	279,423	255,088
Long-term debt	911,627	756,323
Deferred rent and related obligations	43,105	37,467
Other long-term liabilities	23,401	19,006
Deferred revenue	5,525	5,761
Deferred income taxes	127,036	139,888
Total liabilities	1,390,117	1,213,533
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 25,000,000 shares authorized and no shares issued and outstanding at December 31, 2014 and 2013	—	—
Common stock, $0.001 par value; 475,000,000 shares authorized; 61,534,802 and 65,302,814 shares issued and outstanding at December 31, 2014 and 2013, respectively	62	65
Additional paid-in capital	1,083,091	1,270,198
Accumulated other comprehensive (loss) income	(21,687)	1,416
Accumulated deficit	(310,507)	(382,542)
Total stockholders' equity	750,959	889,137
Total liabilities and stockholders' equity	$ 2,141,076	$ 2,102,670

See notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)

	Years ended December 31,		
	2014	2013	2012
Revenue	$ 1,352,999	$ 1,218,776	$ 1,070,938
Cost of services	1,039,397	937,840	825,168
Gross profit	313,602	280,936	245,770
Selling, general and administrative expenses	137,683	141,827	123,373
Amortization of intangible assets	28,999	30,075	26,933
Income from operations	146,920	109,034	95,464
Loss on extinguishment of debt	—	(63,682)	—
Interest income	103	85	152
Interest expense	(34,709)	(40,626)	(83,864)
Income before income taxes	112,314	4,811	11,752
Income tax (expense) benefit	(40,279)	7,533	(3,243)
Net income	72,035	12,344	8,509
Net (loss) income attributable to non-controlling interest	—	(279)	347
Net income attributable to Bright Horizons Family Solutions Inc.	$ 72,035	$ 12,623	$ 8,162
Accretion of Class L preference	—	—	79,211
Accretion of Class L preference for vested options	—	—	5,436
Net income (loss) available to common shareholders	$ 72,035	$ 12,623	$ (76,485)
Allocation of net income (loss) to common shareholders:			
Class L—basic and diluted	$ —	$ —	$ 79,211
Common stock—basic	$ 71,755	$ 12,623	$ (76,485)
Common stock—diluted	$ 71,761	$ 12,623	$ (76,485)
Earnings (loss) per share:			
Class L—basic and diluted	$ —	$ —	$ 59.73
Common stock—basic	$ 1.09	$ 0.20	$ (12.62)
Common stock—diluted	$ 1.07	$ 0.20	$ (12.62)
Weighted average number of common shares outstanding:			
Class L—basic and diluted	—	—	1,326,206
Common stock—basic	65,612,572	62,659,264	6,058,512
Common stock—diluted	67,244,172	64,509,036	6,058,512

See notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Years ended December 31,		
	2014	2013	2012
Net income	$ 72,035	$ 12,344	$ 8,509
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(23,103)	10,589	5,591
Total other comprehensive (loss) income	(23,103)	10,589	5,591
Comprehensive income	48,932	22,933	14,100
Less: Comprehensive income attributable to non-controlling interest	—	78	593
Comprehensive income attributable to Bright Horizons Family Solutions Inc.	$ 48,932	$ 22,855	$ 13,507
Accretion of Class L preference	—	—	79,211
Accretion of Class L preference for vested options	—	—	5,436
Comprehensive income (loss) attributable to common shareholders	$ 48,932	$ 22,855	$ (71,140)

See notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data)

	Common Stock		Additional Paid In Capital	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount					
Balance at December 31, 2011	**6,024,395**	**$ 6**	**$ 126,932**	**$ (125)**	**$ (14,161)**	**$ (318,680)**	**$ (206,028)**
Stock-based compensation			17,596				17,596
Exercise of stock options	86,066	—	440				440
Tax benefit from stock option exercises			874				874
Purchase of treasury stock				(497)			(497)
Acquisition of additional non-controlling interest			4,868		(706)		4,162
Retirement of treasury stock	(47,808)		(622)	622			—
Translation adjustments, net of $246 attributable to non-controlling interest					6,051		6,051
Accretion of Class L preference						(84,647)	(84,647)
Net income attributable to Bright Horizons Family Solutions Inc.						8,162	8,162
Balance at December 31, 2012	**6,062,653**	**6**	**150,088**	**—**	**(8,816)**	**(395,165)**	**(253,887)**
Conversion of Class L common stock	46,708,466	47	854,054				854,101
Initial public offering, net of offering costs of $20.6 million	11,615,000	12	234,932				234,944
Stock-based compensation			10,692				10,692
Exercise of stock options	916,695	—	11,040				11,040
Tax benefit from stock option exercises			5,101				5,101
Acquisition of remaining non-controlling interest			4,291		(225)		4,066
Translation adjustments, net of $357 attributable to non-controlling interest					10,457		10,457
Net income attributable to Bright Horizons Family Solutions Inc.						12,623	12,623
Balance at December 31, 2013	**65,302,814**	**65**	**1,270,198**	**—**	**1,416**	**(382,542)**	**889,137**
Stock-based compensation			7,922				7,922
Exercise of stock options	1,212,458	2	17,420				17,422
Tax benefit from stock option exercises			9,123				9,123
Purchase of treasury stock				(221,577)			(221,577)
Retirement of treasury stock	(4,980,470)	(5)	(221,572)	221,577			—
Translation adjustments					(23,103)		(23,103)
Net income						72,035	72,035
Balance at December 31, 2014	**61,534,802**	**$ 62**	**$ 1,083,091**	**$ —**	**$ (21,687)**	**$ (310,507)**	**$ 750,959**

See notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years ended December 31,		
	2014	**2013**	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 72,035	$ 12,344	$ 8,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	77,447	72,808	61,348
Loss on extinguishment of debt	—	63,682	—
Amortization of original issue discount and deferred financing costs	3,052	2,763	6,783
Interest paid in kind	—	2,143	23,754
Change in the fair value of the interest rate cap	—	—	67
Non-cash revenue and other	(149)	(618)	(319)
Impairment losses on long-lived assets	206	765	694
Loss on disposal of fixed assets	667	566	437
Stock-based compensation	7,922	10,692	17,596
Deferred income taxes	(13,376)	(13,410)	(12,045)
Deferred rent	3,092	2,985	2,142
Changes in assets and liabilities:			
Accounts receivable	(4,604)	(11,458)	(1,580)
Prepaid expenses and other current assets	2,174	(5,393)	(4,110)
Income taxes	3,505	(13,386)	(218)
Accounts payable and accrued expenses	9,589	365	1,155
Deferred revenue	14,259	22,350	(1,694)
Accrued rent and related obligations	3,222	2,180	4,131
Other assets	(1,672)	149	(2,180)
Other current and long-term liabilities	(3,072)	10,152	2,512
Net cash provided by operating activities	174,297	159,679	106,982
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed assets	(66,194)	(69,509)	(69,086)
Proceeds from the disposal of fixed assets	385	189	21
Purchase of long-term investments	—	(2,000)	—
Settlement of purchase price for prior year acquisitions	1,030	—	—
Payments for acquisitions—net of cash acquired	(13,222)	(129,812)	(111,825)
Net cash used in investing activities	(78,001)	(201,132)	(180,890)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt, net of issuance costs of $3.2 million in 2014, $20.6 million in 2013 and $2.7 million in 2012	161,803	769,360	82,321
Extinguishment of long-term debt	—	(972,468)	—
Proceeds from initial public offering, net of issuance costs of $20.6 million	—	234,944	—
Borrowings under revolving line of credit	—	140,800	—
Payments of revolving line of credit	—	(140,800)	—
Principal payments of long-term debt	(7,900)	(7,900)	(5,472)
Purchase of non-controlling interest	—	(4,138)	—
Purchase of treasury stock	(221,577)	—	(5,140)
Proceeds from issuance of common stock and Class L common stock upon exercise of options	17,422	11,040	2,115
Proceeds from issuance of restricted stock	4,709	—	—
Tax benefit from stock-based compensation	9,123	5,923	3,381
Net cash (used in) provided by financing activities	(36,420)	36,761	77,205
Effect of exchange rates on cash and cash equivalents	(1,575)	168	364
Net increase (decrease) in cash and cash equivalents	58,301	(4,524)	3,661
Cash and cash equivalents—beginning of period	29,585	34,109	30,448
Cash and cash equivalents—end of period	$ 87,886	$ 29,585	$ 34,109

	Years ended December 31,		
	2014	2013	2012
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash payments of interest	$ 32,473	$ 34,928	$ 51,974
Cash payments of income taxes	$ 41,713	$ 13,931	$ 12,823
Non-cash accretion of Class L common stock preferred return	$ —	$ —	$ 84,647
Non-cash conversion of Class L common stock	$ —	$ 854,101	$ —
Fixed asset purchases recorded in accounts payable and accrued expenses	$ 3,000	$ —	$ —

See notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Company provides its center-based child care services under two general business models: a profit and loss ("P&L") model, where the Company assumes the financial risk of operating a child care center; and a cost-plus model, where the Company is paid a fee by an employer client for managing a child care center on a cost-plus basis. The P&L model is further classified into two subcategories: (i) a sponsor model, where Bright Horizons provides 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 the Company provides 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 the Company enters into a multi-year contractual relationship. In addition, employer sponsors typically provide subsidies for the ongoing provision of child care services for their employees. Under each model type, the Company retains responsibility for all aspects of operating the child care and early education center, including the hiring and paying of employees, contracting with vendors, purchasing supplies, and collecting tuition and related accounts receivable.

The Company also provides 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 center-based providers in locations where we do not otherwise have centers with available capacity.

Basis of Presentation—Bright Horizons was acquired by investment funds affiliated with Bain Capital Partners LLC ("the Sponsor") as a result of a transaction in 2008 (the "Merger"), pursuant to which a wholly owned merger subsidiary was merged with and into Bright Horizons Family Solutions, Inc. (the "Predecessor"). As part of the transaction, a new basis of accounting was established and the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values. In July 2012, Bright Horizons Family Solutions Inc. changed its name from Bright Horizons Solutions Corp.

Public Offering—On January 30, 2013, the Company completed an initial public offering ("the Offering") and, after the exercise of the underwriters' overallotment option on February 21, 2013, issued a total of 11.6 million shares of common stock in exchange for $233.3 million, net of offering costs including $1.6 million expensed in 2012. The Company used the proceeds of the Offering, as well as certain amounts from the 2013 refinancing discussed below, to repay the principal and accumulated interest under its senior notes outstanding on January 30, 2013.

On January 11, 2013, the Company converted each share of its Class L common stock into 35.1955 shares of Class A common stock, and, immediately following the conversion of its Class L common stock, reclassified the Class A common stock into common stock, for which 475 million shares were authorized. The Company also authorized 25 million shares of undesignated preferred stock for issuance.

On June 19, 2013, March 25, 2014, and December 10, 2014 certain of the Company's shareholders affiliated with the Sponsor completed the sale of 9.8 million, 7.9 million and 8.0 million shares, respectively, of the Company's common stock in secondary offerings ("secondary offerings"). The Company did not receive proceeds from the sale of shares in the secondary offerings. The Company incurred $1.0 million and $0.6 million in the years ended December 31, 2014 and 2013, respectively, in offering costs related to the secondary offerings, which are included in selling, general and administrative expenses. The Company purchased 4.5 million of the shares sold in the December 10, 2014 secondary offering for $201.6 million.

Reclassifications—The Company has revised the presentation for prior periods within the consolidated statements of cash flows to conform to the current period presentation. The Company has separately classified the non-cash effect of deferred rent which was previously combined with the change in accrued rent and related obligations for all periods presented. The revision had no impact to net cash provided by (used in) operating, investing, or financing activities.

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

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

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

The Company's intercompany accounts are denominated in the functional currency of the foreign subsidiary. Gains and losses resulting from the remeasurement of intercompany receivables that the Company considers to be of a long-term investment nature are recorded as a cumulative translation adjustment in accumulated other comprehensive income or loss as a separate component of stockholders' equity, while gains and losses resulting from the remeasurement of intercompany receivables from those foreign subsidiaries for which the Company anticipates settlement in the foreseeable future are recorded in the consolidated statement of operations. The net gains and losses recorded in the consolidated statements of operations for the years ended December 31, 2014, 2013 and 2012 were not significant.

Fair Value of Financial Instruments—The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date and applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Company uses observable inputs where relevant and whenever possible.

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

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The fair value of the Company's financial instruments, other than long-term debt, approximates their carrying value. As of December 31, 2014, the Company's long-term debt had a carrying value of $939.2 million and a fair value of $921.6 million based on quoted market prices for similar instruments and a model that considers observable inputs (level 2 inputs). As of December 31, 2013, the Company's long-term debt had a carrying value of $782.1 million and a fair value of $784.1 million based on quoted market prices for similar instruments and a model that considers observable inputs (level 2 inputs).

Concentrations of Credit Risk—Financial instruments that potentially expose the Company to concentrations of credit risk consist mainly of cash and cash equivalents and accounts receivable. The Company mitigates its exposure by maintaining its cash and cash equivalents in financial institutions of high credit standing. The Company's accounts receivable, which are derived primarily from the services it provides, are dispersed across many clients in various industries with no single client accounting for more than 10% of the Company's net revenue or accounts receivable. The Company believes that no significant credit risk exists at December 31, 2014 and 2013.

Cash and Cash Equivalents—The Company considers all highly liquid investments with maturities, when purchased, of three months or less to be cash equivalents. Cash equivalents consist primarily of institutional money market accounts. There were no cash equivalent investments at December 31, 2014 and 2013.

The Company's cash management system provides for the funding of the main bank disbursement accounts on a daily basis as checks are presented for payment. Under this system, outstanding checks may be in excess of the cash balances at certain banks, creating book overdrafts. There were no book overdrafts at December 31, 2014 and 2013.

Accounts Receivable—The Company generates accounts receivable from fees charged to parents and employer sponsors and, to a lesser degree, government agencies. The Company monitors collections and payments and maintains a provision for

estimated losses based on historical trends, in addition to provisions established for specific collection issues that have been identified. Accounts receivable are stated net of this allowance for doubtful accounts.

Activity in the allowance for doubtful accounts is as follows (in thousands):

	Years ended December 31,		
	2014	2013	2012
Beginning balance	$ 1,173	$ 1,627	$ 1,514
Provision	551	437	734
Write offs and recoveries	(489)	(891)	(621)
Ending balance	$ 1,235	$ 1,173	$ 1,627

Fixed Assets—Property and equipment, including leasehold improvements, are carried at cost less accumulated depreciation or amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the consolidated balance sheet and the resulting gain or loss is reflected in the consolidated statements of operations. Expenditures for maintenance and repairs are expensed as incurred, whereas expenditures for improvements and replacements are capitalized. Depreciation is included in cost of services and selling, general and administrative expenses depending on the nature of the expenditure.

Business Combinations—Business combinations are accounted for at fair value. Acquisition costs are expensed as incurred and recorded in selling, general and administrative expenses; restructuring costs associated with a business combination are expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense. The accounting for business combinations requires estimates and judgment as to expectations for future cash flows of the acquired business, the allocation of those cash flows to identifiable intangible assets, and in determining the estimated fair value for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from these estimates, the amounts recorded in the financial statements could result in a possible impairment of the intangible assets and goodwill, or require acceleration of the amortization expense of finite-lived intangible assets.

Goodwill and Intangible Assets—Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. The Company's intangible assets principally consist of various customer relationships and trade names.

Goodwill and intangible assets with indefinite lives are not subject to amortization, but are tested annually for impairment or more frequently if there are indicators of impairment. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. Fair value for each reporting unit is determined by estimating the present value of expected future cash flows, which are forecasted for each of the next ten years, applying a long-term growth rate to the final year, discounted using the Company's estimated discount rate. If the fair value of the Company's reporting unit exceeds its carrying amount, the goodwill of the reporting unit is considered not impaired. If the carrying amount of the Company's reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill.

During the fourth quarter of fiscal 2014, the Company changed its annual goodwill impairment testing date from December 31 to October 1 of each year, which did not result in any delay, acceleration or avoidance of impairment. The Company believes this change is preferable because it more closely aligns the date of the annual goodwill impairment test with the timing of the Company's annual strategic planning process. This change was applied prospectively beginning on October 1, 2014; retrospective application to prior periods is impracticable as the Company is unable to objectively determine, without the use of hindsight, the assumptions that would have been used in those earlier periods to estimate fair value. In connection with this change, the Company performed an impairment assessment as of October 1, 2014 and concluded that there was no impairment. No goodwill impairment losses were recorded in the years ended December 31, 2014, 2013, or 2012.

We test certain trademarks that are included in our indefinite-lived intangible assets, by comparing the fair value of the trademarks with their carrying value. We estimate the fair value first by estimating the total revenue attributable to the trademarks and then by applying a royalty rate determined by an analysis of empirical, market-derived royalty rates for guideline intangible assets, consistent with the initial valuation and then comparing the estimated fair value of our trademarks with the carrying value. This approach takes into effect level 3 and unobservable inputs. No impairment losses were recorded in

the years ended December 31, 2014 and 2013 in relation to intangible assets. Impairment losses of $0.4 million were recorded in the year ended December 31, 2012 in relation to certain trade names with indefinite lives in the other educational advisory services segment, which have been included in selling, general and administrative expenses.

Intangible assets that are separable from goodwill and have determinable useful lives are valued separately and are amortized over the estimated period benefited, ranging from one to seventeen years. Intangible assets related to parent relationships are amortized using the double declining balance method over their useful lives. All other intangible assets are amortized on a straight line basis over their useful lives.

Impairment of Long-Lived Assets—The Company reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Impairment is assessed by comparing the carrying amount of the asset to the estimated undiscounted future cash flows over the asset's remaining life. If the estimated cash flows are less than the carrying amount of the asset, an impairment loss is recognized to reduce the carrying amount of the asset to its estimated fair value less any disposal costs. Fair value can be determined using discounted cash flows and quoted market prices based on level 3 inputs. The Company recorded fixed asset impairment losses of $0.2 million, $0.8 million, and $0.3 million in the years ended December 31, 2014, 2013 and 2012, respectively, which have been included in cost of services.

Other Long Term Assets—Other long term assets includes a cost basis investment of $2.0 million in a private company, which we review for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable.

Deferred Revenue—The Company records deferred revenue for prepaid tuition and management fees and amounts received from consulting projects in advance of services being performed. The Company is also a party to agreements where the performance of services extends beyond one year. In these circumstances, the Company records a long-term obligation and recognizes revenue over the period of the agreement as the services are rendered.

Leases and Deferred Rent—The Company leases space for certain of its centers and corporate offices. Leases are evaluated and classified as operating or capital for financial reporting purposes. The Company recognizes rent expense from operating leases with periods of free rent, tenant allowances and scheduled rent increases on a straight-line basis over the applicable lease term. The difference between rents paid and straight-line rent expense is recorded as deferred rent.

Discount on Long-Term Debt—Original issue discounts on the Company's debt are recorded as a reduction of long-term debt and are amortized over the life of the related debt instrument in accordance with the effective interest method. Amortization expense is included in interest expense in the consolidated statements of operations.

Deferred Financing Costs—Deferred financing costs are recorded as a reduction of long-term debt and are amortized over the life of the related debt instrument in accordance with the effective interest method. Amortization of this expense is included in interest expense in the consolidated statements of operations.

Other Long-Term Liabilities—Other long-term liabilities consist primarily of amounts payable to clients, pursuant to terms of operating agreements or for deposits held by the Company, and obligations for uncertain tax positions.

Income Taxes—The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax carryforwards, such as net operating losses. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the provision for income taxes in the period that includes the enactment date. The Company records a valuation allowance to reduce the carrying amount of deferred tax assets if it is more likely than not that such asset will not be realized. Additional income tax expense is recognized as a result of recording valuation allowances. The Company does not recognize a tax benefit on losses in foreign operations where it does not have a history of profitability. The Company records penalties and interest on income tax related items as a component of tax expense.

Obligations for uncertain tax positions are recorded based on an assessment of whether the position is more likely than not to be sustained by the taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

Non-controlling Interest—The Company recorded the redeemable non-controlling ownership interest of a company in the Netherlands at fair value at the date of its initial acquisition. The difference between the acquisition price and carrying value of the redeemable non-controlling interest of any additional interest acquired was recorded as an adjustment to additional paid in capital. Any accumulated other comprehensive income or loss associated with the additional acquired interest was recorded as other comprehensive income or loss of the Company.

In connection with the initial acquisition, the Company entered into put and call option agreements with the minority shareholders for the purchase of the non-controlling interest based on a contractually determined formula. As a result of the option agreements, the non-controlling interest was considered redeemable and was classified as temporary equity on the Company's consolidated balance sheet. At December 31, 2013 and as further discussed in Note 10, "Redeemable Non-controlling Interest", the Company had acquired 100% of the interest in the company.

Revenue Recognition—The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable, and collectability is reasonably assured.

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

The Company enters into contracts with its employer sponsors to manage and operate their child care and early education centers and/or for the provision of back-up dependent care and other educational advisory services under various terms. The Company's contracts to operate child care and early education centers are generally three to ten years in length with varying renewal options. The Company's contracts for back-up dependent care and other educational advisory services are generally one to three years in length with varying renewal options. Revenue for these services is recognized as they are performed.

Common Stock Valuation and Stock-Based Compensation—The Company accounts for stock-based compensation using a fair value method. Stock-based compensation expense is recognized in the consolidated financial statements based on the grant-date fair value of the awards that are expected to vest. This expense is recognized on a straight-line basis over the requisite service period, which generally represents the vesting period, of each separately vesting tranche. The Company calculates the fair value of stock options using the Black-Scholes option-pricing model.

Comprehensive Income or Loss—Comprehensive income or loss is comprised of net income or loss and foreign currency translation adjustments. The Company does not provide for U.S. income taxes on the portion of undistributed earnings of foreign subsidiaries that are intended to be permanently reinvested. Therefore, taxes are not provided for the related currency translation adjustments.

Earnings or Loss Per Share—Net earnings or loss per share is calculated using the two-class method, which is an earnings allocation formula that determines net income or loss per share for the holders of the Company's common stock, unvested participating shares and, prior to the completion of the Offering, the holders of Class L common stock. The Class L shares contained participation rights in any dividend paid by the Company or upon liquidation of the Company and were entitled to a minimum preferred return of 10% per annum, compounded quarterly. Unvested participating shares are unvested share-based payment awards of restricted stock that participate in dividends with common stock. Net income available to common shareholders includes the effects of any Class L preference amounts for the periods these were outstanding. Net income available to shareholders is allocated on a pro rata basis to each share as if all of the earnings for the period had been distributed. Diluted net income or loss per share is calculated using the more dilutive of (1) the treasury stock method, or (2) the two-class method for all outstanding stock options and the as-converted method for the Class L shares.

New Accounting Pronouncement—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under today's guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration included in the transaction price and allocating the transaction price to each separate performance obligation. The guidance is effective for annual reporting periods beginning on or after December 15, 2016, and interim periods within those annual periods. Early adoption is not permitted. The Company is currently in the process of evaluating the impact of adoption of this ASU on the Company's consolidated financial statements.

2. ACQUISITIONS

As part of the Company's growth strategy to expand through strategic and synergistic acquisitions, the Company has made the following acquisitions in the years ended December 31, 2014, 2013, and 2012. The goodwill resulting from these acquisitions arises largely from synergies expected from combining the operations of the businesses acquired with our existing operations, as well as from benefits derived from the assembled workforce acquired.

2014 Acquisitions

During the year ended December 31, 2014, the Company acquired two businesses that operate five centers in the United States for cash consideration of $13.2 million, which were accounted for as business combinations. The Company recorded

goodwill of $11.1 million related to the full service center-based care segment, which will be deductible for tax purposes. Intangible assets of $2.1 million, consisting primarily of customer relationships, fixed assets of $0.9 million, and a working capital deficit of $0.9 million were also recorded in relation to these acquisitions. The allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date) as the Company gathers additional information regarding the assets acquired and the liabilities assumed.

2013 Acquisitions

Children's Choice Learning Centers, Inc.

On July 22, 2013, the Company acquired all of the outstanding shares of Children's Choice Learning Centers, Inc., an operator of 49 employer-sponsored child care centers throughout the United States, for cash consideration of $50.8 million, inclusive of certain adjustments. The purchase price was financed with available cash on hand and funds available under the Company's revolving credit facility, which were repaid in the fourth quarter of 2013. The Company incurred deal costs of approximately $1.7 million for this transaction in 2013, which are included in selling, general and administrative expenses.

The purchase price for this acquisition has been allocated based on estimates of the fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

	At acquisition date As reported September 30, 2013	Measurement period adjustments	At acquisition date As reported September 30, 2014
Accounts receivable	$ 981	$ (126)	$ 855
Prepaid expenses and other assets	334	411	745
Fixed assets	5,637	535	6,172
Intangible assets	12,800	(1,190)	11,610
Goodwill	38,818	(1,086)	37,732
Total assets acquired	58,570	(1,456)	57,114
Accounts payable and accrued expenses	(3,441)	(2,018)	(5,459)
Deferred revenue and parent deposits	(885)	18	(867)
Total liabilities assumed	(4,326)	(2,000)	(6,326)
Purchase price	$ 54,244	$ (3,456)	$ 50,788

The Company recorded adjustments to the purchase accounting during the measurement period including an adjustment for the final settlement of working capital which reduced goodwill by $3.5 million. This reduction to goodwill was offset by an increase of $1.2 million for taxes payable recorded during the third quarter of 2014. No changes have been made to the purchase accounting from the balances reported as of September 30, 2014. The Company received cash proceeds of $3.5 million related to working capital settlements for this acquisition, of which $0.9 million was received in 2014 .

The Company recorded goodwill of $37.7 million, which will be deductible for tax purposes as permitted under federal tax rules. Goodwill related to this acquisition is reported within the full service center-based care segment.

Intangible assets consist primarily of $11.3 million of customer relationships that will be amortized over approximately eleven years.

Kidsunlimited Group Limited

On April 10, 2013, the Company entered into a share purchase agreement with Lloyds Development Capital (Holdings) Limited and Kidsunlimited Group Limited pursuant to which it acquired 100% of Kidsunlimited, an operator of 64 nurseries throughout the United Kingdom, for cash consideration of $68.9 million, inclusive of certain adjustments. The purchase price was financed with available cash on hand. The Company incurred deal costs of approximately $1.9 million for this transaction in 2013, which are included in selling, general and administrative expenses.

The purchase price for this acquisition has been allocated based on estimates of the fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

	At acquisition date As reported June 30, 2013	Measurement period adjustments	At acquisition date As reported March 31, 2014
Cash	$ 4,888	$ —	$ 4,888
Accounts receivable	1,809	—	1,809
Prepaid expenses and other assets	2,509	—	2,509
Fixed assets	13,901	(192)	13,709
Favorable leases	—	2,892	2,892
Intangible assets	17,442	765	18,207
Goodwill	55,349	(2,372)	52,977
Total assets acquired	95,898	1,093	96,991
Accounts payable and accrued expenses	(9,450)	3,798	(5,652)
Unfavorable leases	(1,759)	(5,325)	(7,084)
Deferred revenue	(12,853)	8,378	(4,475)
Other current liabilities	—	(8,378)	(8,378)
Deferred taxes	(2,735)	245	(2,490)
Total liabilities assumed	(26,797)	(1,282)	(28,079)
Purchase price	$ 69,101	$ (189)	$ 68,912

No changes have been made to the purchase accounting from the balances reported as of March 31, 2014.

The Company recorded goodwill of $53.0 million, which will not be deductible for tax purposes. Goodwill related to this acquisition is reported within the full service center-based care segment.

Intangible assets consist primarily of $15.9 million of customer relationships that will be amortized over approximately eight years. A deferred tax liability of $4.0 million was recorded related to the intangible assets for which the amortization is not deductible for tax purposes.

Other 2013 Acquisitions

During the year ended December 31, 2013, the Company also acquired two businesses for aggregate cash consideration of $6.9 million, net of cash acquired of $2.7 million. The Company recorded goodwill of $4.5 million, of which $3.2 million relates to the other educational advisory services segment and $1.3 million relates to the full service center-based care segment. Goodwill will not be deductible for tax purposes. Intangible assets of $3.3 million, consisting of customer relationships and trade names, fixed assets of $1.9 million, and working capital of $1.3 million were also recorded in relation to these acquisitions. The Company received cash proceeds of $0.1 million in 2014 related to working capital settlements for one of these acquisitions.

Pro Forma Information

The operating results for each of the acquisitions are included in the consolidated results of operations from the respective dates of acquisition. The following table presents consolidated pro forma information as if the acquisitions of Children’s Choice Learning Centers, Inc. and Kidsunlimited had occurred on January 1, 2012 (in thousands):

	Pro forma (Unaudited)	
	Years ended December 31,	
	2013	2012
Revenue	$ 1,260,453	$ 1,179,168
Net income attributable to Bright Horizons Family Solutions Inc.	$ 16,226	$ 4,504

The unaudited pro forma results reflect certain adjustments related to the acquisitions, such as increased amortization expense related to the acquired intangible assets. The pro forma results for the year ended December 31, 2012 include nonrecurring deal costs that were incurred by the Company and the acquired businesses in relation to the respective acquisitions, totaling $6.2 million, which were excluded from the pro forma results for the year ended December 31, 2013.

These acquired businesses contributed total revenues of $71.6 million in the year ended December 31, 2013. The Company has also determined that the presentation of net income for each of those acquisitions, from the date of acquisition, is impracticable due to the integration of the operations upon acquisition.

2012 Acquisitions

In May 2012, the Company acquired all of the outstanding shares of Huntyard Limited, a company that operated 27 child care and early education centers in the United Kingdom under the name Casterbridge Early Care and Education, for cash consideration of $110.8 million. The Company recorded goodwill of $48.7 million, which is reported within the full service center-based care segment and will not be deductible for tax purposes, and intangible assets of $6.0 million, which consist primarily of $4.7 million of customer relationships that will be amortized over five years. The Company also acquired $3.7 million in cash, $65.8 million in fixed assets, $7.5 million in accrued expenses, $3.0 million in deferred revenue and parent deposits, and $5.6 million in deferred tax liabilities. The deferred tax liabilities include $1.5 million that was recorded related to the intangible assets for which the amortization is not deductible for tax purposes. The Company incurred deal costs of $0.5 million related to this acquisition, which are included in selling, general and administrative expenses in 2012. Huntyard contributed total revenues of $26.3 million in the year ended December 31, 2012.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following (in thousands):

	December 31,	
	2014	2013
Prepaid workers compensation insurance	$ 11,092	$ 10,327
Prepaid rent and other occupancy costs	10,672	7,515
Prepaid income taxes	4,427	6,678
Reimbursable costs	2,784	3,916
Favorable leases	487	586
Prepaid insurance	1,917	1,665
Other prepaid expenses and current assets	7,768	13,334
	$ 39,147	$ 44,021

Under the terms of the Company's workers compensation policy, the Company is required to make advances to its insurance carrier pertaining to estimated claims for all open plan years.

4. FIXED ASSETS

Fixed assets consist of the following (dollars in thousands):

	Estimated useful lives	December 31,	
	(Years)	2014	2013
Buildings	20 – 40	$ 131,767	$ 128,715
Furniture, equipment and software	3 – 10	144,040	125,713
Leasehold improvements	Shorter of the lease term or the estimated useful life	271,757	247,972
Land	—	50,604	52,233
Total fixed assets		598,168	554,633
Accumulated depreciation		(199,221)	(163,739)
Fixed assets, net		$ 398,947	$ 390,894

The Company recorded depreciation expense of $48.4 million, $42.7 million and $34.4 million for the years ended December 31, 2014, 2013, and 2012, respectively.

5. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill are as follows (in thousands):

	Full service center-based care	Back-up dependent care	Other educational advisory services	Total
Beginning balance at December 31, 2013	$ 912,134	$ 160,145	$ 24,004	$ 1,096,283
Additions from acquisitions	11,087	—	—	11,087
Adjustments to prior year acquisitions	902	—	(203)	699
Effect of foreign currency translation	(11,080)	(1,251)	—	(12,331)
Balance at December 31, 2014	$ 913,043	$ 158,894	$ 23,801	$ 1,095,738

The Company also has intangible assets, which consist of the following at December 31, 2014 and 2013 (in thousands):

	Weighted average amortization period	Cost	Accumulated amortization	Net carrying amount
December 31, 2014:				
Definite-lived intangibles:				
Customer relationships	14.5 years	$ 400,097	$ (180,900)	$ 219,197
Trade names	8.1 years	5,772	(2,177)	3,595
Non-compete agreements	5 years	54	(44)	10
		405,923	(183,121)	222,802
Indefinite-lived intangibles:				
Trade names	N/A	183,447	—	183,447
		$ 589,370	$ (183,121)	$ 406,249

	Weighted average amortization period	Cost	Accumulated amortization	Net carrying amount
December 31, 2013:				
Definite-lived intangibles:				
Customer relationships	14.5 years	$ 400,481	$ (153,939)	$ 246,542
Trade names	8.1 years	6,072	(1,542)	4,530
Non-compete agreements	5 years	54	(39)	15
		406,607	(155,520)	251,087
Indefinite-lived intangibles:				
Trade names	N/A	183,973	—	183,973
		$ 590,580	$ (155,520)	$ 435,060

On an annual basis or if an indicator of impairment exists, indefinite lived trade names are subject to an evaluation of the remaining useful life to determine whether events and circumstances continue to support an indefinite useful life, as well as testing for impairment.

The Company recorded amortization expense of $29.0 million, $30.1 million and $26.9 million in the years ended December 31, 2014, 2013, and 2012, respectively.

The Company estimates that it will record amortization expense related to intangible assets existing as of December 31, 2014 as follows over the next five years (in thousands):

	Estimated amortization expense
2015	$ 26,842
2016	$ 25,491
2017	$ 24,618
2018	$ 23,700
2019	$ 22,910

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31,	
	2014	2013
Accounts payable	$ 12,784	$ 6,691
Accrued payroll and employee benefits	59,364	58,171
Accrued insurance	16,154	15,110
Accrued interest	1,004	1,861
Accrued occupancy costs	3,121	2,167
Accrued professional fees	2,169	1,847
Other accrued expenses	21,829	21,779
	$ 116,425	$ 107,626

7. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following (in thousands):

	December 31,	
	2014	2013
Customer amounts on deposit	$ 10,477	$ 15,495
Deferred rent and other occupancy costs	2,847	2,133
Unfavorable leases	658	681
Income taxes payable	4,802	—
Other liabilities	1,616	1,993
	$ 20,400	$ 20,302

8. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following (in thousands):

	December 31,	
	2014	2013
Customer amounts on deposit	$ 9,199	$ 8,685
Liability for uncertain tax positions	1,594	3,647
Liability for unvested restricted stock	4,709	—
Other liabilities	7,899	6,674
	$ 23,401	$ 19,006

9. CREDIT ARRANGEMENTS AND DEBT OBLIGATIONS

Long-term debt consists of the following (in thousands):

	December 31,	
	2014	2013
Term loans	$ 939,200	$ 782,100
Original issue discount and deferred financing costs	(18,023)	(17,877)
Total debt	921,177	764,223
Less current maturities	9,550	7,900
Long-term debt	$ 911,627	$ 756,323

Senior Credit Facilities

The Company's senior secured credit facilities consist of a $955.0 million term loan facility and a $100.0 million revolving credit facility. The term loans and revolving credit facility mature on January 30, 2020 and January 30, 2018, respectively. The term loan facility requires quarterly principal payments of $2.4 million, with the remaining principal balance due on January 30, 2020.

On January 30, 2013, the Company's wholly owned subsidiary, Bright Horizons Family Solutions LLC ("BHFS LLC"), entered into a credit agreement for the issuance of term loans in an aggregate principal amount of $790.0 million, to 1) refinance all of the existing indebtedness under the senior secured credit facilities and the senior subordinated notes, and 2) redeem the remaining senior notes in conjunction with proceeds from the Company's offering. On November 19, 2014, BHFS LLC entered into Amendment No. 1 which supplements and amends the credit agreement. On December 9, 2014, BHFS LLC entered into an Incremental Joinder which supplements and amends the credit agreement.

The December 2014 amendment to the credit agreement provided for, among other things, new term loans in an aggregate principal amount of $165.0 million, which were fully drawn by the Borrower on December 9, 2014. The proceeds of the loans were used for general corporate purposes, including to pay fees and expenses related to entering into the debt transaction and to fund share repurchases by the Company.

All borrowings under the credit agreement are subject to variable interest rates. Borrowings under the term loan facility bear interest at a rate per annum ranging from 1.75% to 2.5% over the Base Rate or 2.75% to 3.5% over the Eurocurrency Rate defined in the credit agreement. Borrowings under our revolving facility bear interest at a rate per annum equal to 1.75% over the Base Rate or 2.75% over the Eurocurrency Rate. The Base Rate is the highest of (1) the prime rate of Goldman Sachs Bank USA, (2) the federal funds effective rate plus 0.5% and (3) the Eurocurrency Rate with a one month interest period plus 1.0%. The Eurocurrency Rate option is the one, two, three or six month LIBOR rate, as selected by the Borrower, or, with the approval of the applicable lenders, the nine, twelve or less than one month LIBOR rate. The Base Rate is subject to an interest rate floor of 2.0% and the Eurocurrency Rate is subject to an interest rate floor of 1.0%, both only with respect to the term loan facility. In addition, the unused portion of the revolving credit facility is subject to a commitment fee per annum ranging from 0.375% to 0.500%.

The effective interest rate for the term loans was 3.8% and 4.0% at December 31, 2014 and 2013, respectively. The weighted average interest rate for the years ended December 31, 2014 and 2013 was 3.9% and 4.1%, respectively. There were no borrowings outstanding on the revolving credit facility at December 31, 2014 and 2013 with the full facility available for borrowings. The weighted average interest rate for the revolving credit facility was 5.0% for the years ended December 31, 2014 and 2013.

All obligations under the senior secured credit facilities are secured by substantially all the assets of the Company's U.S.-based subsidiaries. The senior secured credit facilities contain certain customary affirmative covenants and other covenants that, among other things, may restrict the ability of BHFS LLC, and its restricted subsidiaries, to: incur certain liens; make investments, loans, advances and acquisitions; incur additional indebtedness or guarantees; engage in transactions with affiliates; sell assets, including capital stock of our subsidiaries; alter the business conducted; enter into agreements restricting our subsidiaries' ability to pay dividends; and, consolidate or merge.

The revolving credit facility requires BHFS LLC and its restricted subsidiaries to comply with a maximum senior secured first lien net leverage ratio financial maintenance covenant, to be tested only if, on the last day of each fiscal quarter, the amount of revolving loans and swingline loans outstanding under the revolving credit facility exceed 25% of the revolving commitments on such date.

On January 30, 2013, the Company redeemed all outstanding debt of $972.5 million, including the redemption premium of $41.1 million. As a result of the redemption, the Company recorded a loss on the extinguishment of debt of $63.7 million, inclusive of redemption premiums and deferred financing costs written off. The Company used the net proceeds of its initial public offering and certain proceeds from the issuance of senior secured term loans to fund the redemption.

The Company incurred financing fees of $12.7 million and original issue discount costs of $7.9 million in connection with the 2013 debt refinancing and $1.5 million and $1.7 million in connection with the 2014 financing. These fees are being amortized over the terms of the related debt instruments and amortization expense is included in interest expense. Amortization expense of deferred financing costs and original issuance discount costs in the year ended December 31, 2014 was $1.9 million and $1.1 million, respectively. Amortization expense of deferred financing costs and original issuance discount costs in the year ended December 31, 2013 was $1.7 million and $1.0 million, respectively. Amortization expense of deferred financing costs and original issuance discount costs in the year ended December 31, 2012 was $3.7 million and $3.1 million, respectively, which related to debt that was extinguished in January of 2013.

10. REDEEMABLE NON-CONTROLLING INTEREST

In July 2011, and as discussed in Note 1, the Company acquired a 63% ownership interest of a company in the Netherlands. The Company acquired the remaining 37% interest by acquiring 18.5% in November 2012 and the remaining 18.5% on December 31, 2013.

The operating results of the company in the Netherlands are included in the Company's consolidated results of operations with the non-controlling interest and the net income attributable to the Company presented separately. The minority ownership interest by the previous owners is presented as redeemable non-controlling interest on the consolidated balance sheet in the periods prior to the acquisition of the remaining interest on December 31, 2013.

The redeemable non-controlling interest was measured at fair value at the date of acquisition and was reviewed at each subsequent reporting period and adjusted, as needed, to reflect its then redemption value. No adjustments were recorded.

The acquisition by the Company of 18.5% interest on November 23, 2012 for $3.9 million and of the remaining 18.5% interest on December 31, 2013 for $4.1 million was treated as an equity transaction and the difference between the acquisition price and carrying value of the redeemable non-controlling interest was recorded as an adjustment to additional paid in capital. The accumulated other comprehensive income associated with the additional acquired interest was also recorded as equity of the Company.

The following is a reconciliation of the changes in the redeemable non-controlling interest for the year ended December 31, 2013 (in thousands):

	Year ended December 31, 2013
Balance at beginning of the period	$ 8,126
Sale of 18.5% of interest to BHFS	(8,204)
Net loss attributable to non-controlling interest	(279)
Effect of foreign currency translation	357
Balance at end of period	$ —

11. INCOME TAXES

Income (loss) before income taxes consists of the following (in thousands):

	Years ended December 31,		
	2014	2013	2012
United States	$ 110,585	$ 5,109	$ 6,882
Foreign	1,729	(298)	4,870
Total	$ 112,314	$ 4,811	$ 11,752

Income tax expense (benefit) consists of the following (in thousands):

	Years ended December 31,		
	2014	2013	2012
Current tax expense (benefit)			
Federal	$ 45,628	$ 10,546	$ 8,102
State	8,753	591	2,361
Foreign	(726)	(5,260)	4,434
	53,655	5,877	14,897
Deferred tax (benefit) expense			
Federal	(10,497)	(9,080)	(9,048)
State	(948)	(1,179)	(1,453)
Foreign	(1,931)	(3,151)	(1,153)
	(13,376)	(13,410)	(11,654)
Income tax expense (benefit)	$ 40,279	$ (7,533)	$ 3,243

The following is a reconciliation of the U.S. Federal statutory rate to the effective rate on pretax income (in thousands):

	Years ended December 31,		
	2014	2013	2012
Federal tax expense computed at statutory rate	$ 39,310	$ 1,684	$ 4,113
State tax expense (benefit), net of federal tax	5,121	(193)	416
Valuation allowance, net	245	3	23
Permanent differences and other, net	277	(234)	551
Change in tax rate	(134)	(94)	12
Change to uncertain tax positions, net	(1,523)	(4,850)	(869)
Foreign rate differential	(3,017)	(3,849)	(1,003)
Income tax expense (benefit)	$ 40,279	$ (7,533)	$ 3,243

Significant components of the Company's net deferred tax liability are as follows (in thousands):

	December 31,	
	2014	2013
Deferred tax assets:		
Current deferred tax assets:		
Reserve on assets	$ 466	$ 869
Liabilities not yet deductible	11,582	10,874
Deferred revenue	771	708
Other	191	496
	13,010	12,947
Valuation allowance	(32)	(6)
Net current deferred tax assets	12,978	12,941
Non-current deferred tax assets:		
Net operating loss and credit carryforwards	1,659	1,983
Liabilities not yet deductible	16,463	14,264
Deferred revenue	1,953	1,090
Stock-based compensation	10,964	11,663
Depreciation	73	—
Other	1,195	2,519
	32,307	31,519
Valuation allowance	(1,264)	(1,046)
Net non-current deferred tax assets	31,043	30,473
Total net deferred tax assets	44,021	43,414
Deferred tax liabilities:		
Intangible assets	(143,732)	(152,462)
Depreciation	(13,686)	(17,805)
Total deferred tax liabilities	(157,418)	(170,267)
Net deferred tax liability	$ (113,397)	$ (126,853)

During 2014, the overall deferred tax liability has decreased, primarily due to the book to tax difference in the treatment of amortization of intangible assets, depreciation and stock-based compensation.

The Company has foreign net operating losses of $10.2 million and has recorded an associated deferred tax asset totaling $1.6 million. Deferred tax assets associated with state net operating losses total $0.1 million. The net operating losses in foreign jurisdictions will begin to expire in 2031 or can be carried forward indefinitely. The net operating losses in the various states have expiration dates through 2031. In jurisdictions in which the Company has not had a history of profitability, the Company has recorded a valuation allowance of $1.3 million associated with foreign net deferred tax assets. During 2014, the valuation allowance increased $0.2 million.

We consider the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and our specific plans for reinvestment of those subsidiary earnings. We have not recorded a deferred tax liability of approximately $7.8 million related to the U.S. federal and state income taxes and foreign withholding taxes on approximately $60.1 million of cumulative undistributed earnings of foreign subsidiaries indefinitely invested outside the United States. Should we decide to repatriate the foreign earnings, we would need to adjust our income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside the United States.

Uncertain Tax Positions

The Company follows the authoritative guidance relating to the accounting for uncertainty in income taxes. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

	Years ended December 31,		
	2014	2013	2012
Beginning balance	$ 2,034	$ 7,412	$ 7,933
Additions for tax positions of prior years	—	540	474
Additions for tax positions of current year	—	—	879
Settlements	—	(1,110)	(474)
Reductions for tax positions of prior years	(490)	(4,108)	(845)
Lapses of statutes of limitations	(831)	(712)	(778)
Effect of foreign currency adjustments	—	12	223
Ending balance	$ 713	$ 2,034	$ 7,412

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company's current provision for income tax expense for the years ended December 31, 2014, 2013, and 2012 included \$0.03 million, \$0.1 million, and \$0.3 million, respectively, of interest and penalties related to tax positions of the Company. The liability for total interest and penalties at December 31, 2014 and 2013 was \$0.9 million and \$1.6 million, respectively, and is included in other long-term liabilities. During the fourth quarter of 2014, the Company partially reduced its reserve for uncertain tax positions due to the lapse in the statute of limitations for prior tax filings and agreements on audits.

The total amount of unrecognized tax benefits that if recognized would affect the Company's effective tax rate is \$0.7 million. The Company expects the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this time frame, or if applicable statutes of limitations lapse. The impact of the amount of such changes to previously recorded uncertain tax positions could range from zero to \$0.7 million.

The Company and its domestic subsidiaries are subject to U.S. Federal income tax as well as multiple state jurisdictions. U.S. Federal income tax returns are typically subject to examination by the Internal Revenue Service (IRS) and the statute of limitations for Federal income tax returns is three years. The Company's filings for 2011 through 2014 are subject to audit based upon the Federal statute of limitations. The tax years 2011 and 2012 are currently under audit by the IRS and expected to be settled in early 2015.

State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any Federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. There were no significant settlements of state audits during 2014. As of December 31, 2014, there were four income tax audits in process and the tax years from 2010 to 2014 are subject to audit.

The Company is also subject to corporate income tax at its subsidiaries located in the United Kingdom, the Netherlands, India, Canada, Ireland, and Puerto Rico. In the last quarter of 2014, an audit commenced in the Netherlands for the 2011 and 2012 years and final conclusion is expected in early 2015. The tax returns for the Company's subsidiaries located in foreign jurisdictions are subject to examination for periods ranging from one to seven years.

12. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Common Stock

Prior to the Offering, the Company had Class L and Class A common stock outstanding. The Company's Class L common stock was classified outside of permanent equity as the timing of the conversion or redemption event was outside of the control of the Company. In December 2012, the Company's controlling shareholder effectively fixed the conversion ratio and the Class L common stock was re-measured to its final redemption amount using the fixed conversion ratio and the estimated fair value at that time.

In connection with the 1–for–1.9704 reverse split of its Class A common stock and as determined by its holders, the Company converted each share of its Class L common stock into 35.1955 shares of Class A common stock on January 11, 2013, and immediately reclassified those shares as well as all outstanding shares of Class A common stock into common stock. As a result of the reclassification of Class A common stock to common stock, all references to "Class A common stock" have been changed to "common stock" for all periods presented.

The following table reflects the changes in Class L common stock for the two years ended December 31, 2013 (in thousands, except share data):

	Shares Issued	Shares Outstanding	Amount
Class L common stock, balance at December 31, 2011	1,318,970	1,317,581	772,422
Issuance of Class L common stock	18,610	18,610	1,675
Repurchase of Class L common stock	—	(9,076)	(4,643)
Retirement of treasury stock	(10,465)	—	—
Accretion of Class L preferred return	—	—	84,647
Class L common stock, balance at December 31, 2012	1,327,115	1,327,115	854,101
Conversion of Class L common stock into Common Stock	(1,327,115)	(1,327,115)	(854,101)
Class L common stock, balance at December 31, 2013	—	—	$ —

On January 30, 2013, the Company completed the Offering and, after the exercise of the underwriters' overallotment option on February 21, 2013, issued a total of 11.6 million shares of common stock.

Preferred Stock

The Company authorized 25 million shares of undesignated preferred stock in 2013 for issuance, of which none were issued in the years ended December 31, 2014 and 2013. The Company's board of directors has the authority, without further action by stockholders, to issue up to 25 million shares of preferred stock in one or more series. The Company's board of directors may designate the rights, preferences, privileges, and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, and number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the Company's common stock, diluting the voting power of its common stock, impairing the liquidation rights of its common stock, or delaying or preventing a change in control. The ability to issue preferred stock could delay or impede a change in control. As of December 31, 2014 and 2013 no shares of preferred stock were outstanding.

Treasury Stock

On March 28, 2014, the board of directors of the Company authorized the repurchase of up to $225.0 million of its common stock. Under this authorization, the Company repurchased a total of 5.0 million shares for $221.6 million in the year ended December 31, 2014, including 4.5 million shares that were purchased in a single block trade on December 10, 2014, from investment funds affiliated with the Sponsor in conjunction with the sale of 8.0 million shares through an underwritten offering to the public. There were zero stock repurchases during the year ended December 31, 2013. During the year ended December 31, 2012, the Company repurchased a total of 41,454 shares of common stock. The Company accounts for treasury stock under the cost method. All repurchased shares have been retired.

On February 4, 2015, the Board of Directors of the Company approved a $250.0 million repurchase program of its common stock. The repurchase program has no expiration date and replaces the prior authorization, of which $3.4 million remained outstanding.

Equity Incentive Plan

The Company has the 2012 Omnibus Long-Term Incentive Plan ("the Plan"), which became effective on January 24, 2013, and allows for the issuance of equity awards of up to 5 million shares of common stock. As of December 31, 2014, there were approximately 3.4 million shares of common stock available for grant. Stock options granted under the Plan are subject to a service condition and expire in seven years from date of grant or termination of the holder's employment with the Company, unless such termination was due to death, disability or retirement, unless otherwise determined by the Administrator of the Plan. The majority of the options have a requisite service period of five years, with 40% of the options vesting on the second anniversary of the date of grant and 20% vesting on each of the third, fourth and fifth anniversaries, or have ratable or cliff vesting at the end of three years.

The Company also had an incentive compensation plan (the "2008 Equity Incentive Plan") which, as amended in March 2012, was authorized to issue 150,000 shares of Class L common stock and 1.5 million shares of Class A common stock. No additional options will be granted under the 2008 Equity Incentive Plan. However, all outstanding options continue to be governed by their existing terms.

On January 11, 2013, the Company effected a 1–for–1.9704 reverse split of its Class A common stock. Therefore, all previously reported options to purchase Class A shares and the related exercise prices in the accompanying financial statements and related notes have been retroactively adjusted to reflect the reverse stock split.

In addition, on January 11, 2013, the Company converted each share of its Class L common stock into 35.1955 shares of Class A common stock, and, immediately following the conversion of its Class L common stock, reclassified those shares, as well as all outstanding shares of Class A common stock, into common stock. All outstanding options to purchase Class L common stock have been converted into options to acquire common stock using the 35.1955 conversion ratio with a corresponding adjustment to the exercise price.

On March 9, 2012, the Board of Directors approved the exchange of existing stock options to acquire common stock for options to acquire a combination of common stock and shares of Class L common stock (the "stock option exchange"). All option holders were subject to the exchange. This transaction was accounted for as a modification and resulted in approximately $19.0 million of additional compensation expense, of which approximately $13.4 million was recognized in 2012 related to the requisite service period already fulfilled, and approximately $5.0 million was recognized upon the closing of the Offering in January 2013, related to this performance requirement and the requisite service period fulfilled. The remaining incremental expense for stock options granted with a service condition is recognized on a straight-line basis over the remaining requisite service period of each separately vesting tranche. At December 31, 2014, there was approximately $0.1 million of expense remaining to be recognized in relation to the stock option exchange, which will be recognized over approximately 1 year.

Stock-Based Compensation

The Company recognized the impact of stock-based compensation in its consolidated statements of operations for the years ended December 31, 2014, 2013, and 2012 and did not capitalize any amounts on the consolidated balance sheets. In the year ended December 31, 2014, the Company recorded stock-based compensation expense of $7.9 million, of which $7.3 million was recorded in selling, general and administrative expenses and $0.6 million in cost of services in the consolidated statement of operations. In the years ended December 31, 2013 and 2012, the Company recorded stock-based compensation expense of $10.7 million and $17.6 million, respectively, in selling, general and administrative expenses in the consolidated statements of operations. Stock compensation expense generated an income tax benefit of $3.2 million, $4.3 million, and $7.1 million in the years ended December 31, 2014, 2013, and 2012, respectively.

The stock-based compensation expense for the year ended December 31, 2013 includes $5.0 million associated with options to purchase 1.3 million shares of common stock that had been issued under the 2008 Equity Incentive Plan, which vested upon the effectiveness of the Offering on January 24, 2013. The stock compensation expense for the year ended December 31, 2012 includes $13.4 million related to the stock option exchange, $3.5 million related primarily to the vested portion of option awards granted during the period, with the remaining $0.7 million related to option awards granted in prior years.

There were no share-based liabilities paid during the period. As of December 31, 2014, there was $14.1 million of total unrecognized compensation expense related to unvested share-based compensation arrangements granted under the Plan. That expense is expected to be recognized over the remaining requisite service period. The weighted average remaining requisite service period was approximately three years at December 31, 2014.

Stock Options

The fair value of each stock option of common stock and Class L shares granted was estimated on the date of grant using the Black-Scholes option pricing model using the following weighted average assumptions:

	Years ended December 31,			
	2014	2013	2012	
	Common Stock	Common Stock	Class L Shares	Common Stock
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Expected stock price volatility	30.0%	44.3%	79.2%	79.2%
Risk free interest rate	1.8%	1.0%	0.68%	0.68%
Expected life of options (years)	5.3	5.3	4.2	4.2
Weighted average fair value per share of options granted during the period	$11.36	$10.24	$291.83	$6.84

The expected dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. Since the Company completed its initial public offering in January 2013, it does not have sufficient history as a publicly traded company to evaluate its volatility factor. As such, the expected stock price volatility is based upon the historical volatility of the stock price over the expected life of the options of peer companies that are publicly traded. The risk free interest rate was based on the U.S. Treasury rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the

awards being valued. For grants issued during the years ended December 31, 2014, 2013, and 2012, the expected life of the options was calculated using the simplified method. The simplified method defines the life as the average of the contractual term of the options and the weighted average vesting period for all option tranches. This methodology was utilized due to the short length of time our common stock has been publicly traded.

The table below reflects stock option activity under the Company's equity plan for the year ended December 31, 2014.

	Weighted Average Remaining Contractual Life in Years	Common Stock		
		Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)
Outstanding at January 1, 2014	6.1	4,555,110	$ 15.39	$ 97.3
Granted		944,377	37.15	9.3
Exercised		(1,212,458)	14.37	32.3
Forfeited		(134,412)	27.77	2.6
Outstanding at December 31, 2014	5.6	4,152,617	$ 20.24	$ 111.2
Exercisable at December 31, 2014	4.9	2,177,394	$ 14.20	$ 71.5
Vested and expected to vest at December 31, 2014	5.6	4,054,468	$ 20.08	$ 109.2

The fair value (pre-tax) of options that vested during the years ended December 31, 2014, 2013, and 2012 were $3.9 million, $9.1 million, and $4.9 million, respectively.

Restricted stock awards are also granted at the discretion of the Board of Directors as allowed under the Plan. During the year ended December 31, 2014, 259,525 shares of restricted stock were granted to certain senior managers and key employees, which vest at the end of three years and are accounted for as nonvested stock. The restricted stock was sold for a price equal to 50% of the fair value of the stock at the date of grant, or $18.15. Proceeds from the issuance of restricted stock are recorded as other liabilities in the consolidated balance sheet until the earlier of vesting or forfeiture of the awards. Stock-based compensation expense for restricted stock awards is calculated based on the fair value of the award on the date of grant, which will be recognized on a straight line basis over the requisite service period. The unvested shares of restricted stock participate equally in dividends with common stock. Restricted stock was legally issued at the date of grant but is not considered common stock issued and outstanding in accordance with accounting guidance until the requisite service period is fulfilled. There were 259,525 shares of restricted stock outstanding as of December 31, 2014, with an intrinsic value of $7.5 million. All outstanding shares of restricted stock are expected to vest.

During the year ended December 31, 2014, restricted stock units were awarded to members of the board of directors as allowed under the Plan. The awards allow for the issuance of a share of the Company's common stock for each vested unit upon the earliest of termination of service as a member of the board of directors or five years after the date of the award. The Company issued 6,066 units at a weighted average fair value of $39.58 for a total value of $0.2 million. The units vested upon issuance.

Cash received by the Company from the exercise of stock options for the years ended December 31, 2014, 2013, and 2012 was $17.4 million, $11.0 million, and $2.1 million, respectively. The actual tax benefits realized from the tax deductions for option exercises were $9.1 million, $5.9 million, and $3.4 million in the years ended December 31, 2014, 2013, and 2012, respectively. The Company realizes a tax deduction upon the exercise of non-qualified stock options due to the recognition of compensation expense in the calculation of its taxable income. The amount of the compensation recognized for tax purposes is based on the difference between the market value of the common stock and the option price at the date the options are exercised.

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income by the weighted-average common shares outstanding. Diluted earnings per share is calculated by dividing net income by the weighted-average common shares and potentially dilutive securities outstanding during the period.

Earnings per share is calculated using the two-class method, which requires the allocation of earnings to each class of common stock outstanding and to unvested share-based payment awards that participate in dividends with common stock, also referred to herein as unvested participating shares.

In 2014, the Company had unvested share-based payment awards outstanding that include unvested shares awarded as restricted stock awards at the discretion of the Company's Board of Directors. The restricted stock awards vest at the end of three years. The unvested shares participate equally in dividends. See Note 12 for a discussion of the current year unvested stock awards and issuances. In 2012, the Company had both Class L and common stock outstanding and the Class L common stock had a preference with respect to all liquidation distributions. Therefore, net earnings per share was calculated using the two-class method in 2014 and 2012, which requires the allocation of earnings to each class of common stock.

Earnings per Share - Basic

The following table sets forth the computation of earnings per share using the two-class method (in thousands, except share and per share amounts):

	Years ended December 31,		
	2014	**2013**	**2012**
Basic earnings per share:			
Net income	$ 72,035	$ 12,623	$ 8,162
Accretion of Class L preference	—	—	79,211
Accretion of Class L preference for vested options	—	—	5,436
Net income (loss) available to common shareholders	$ 72,035	$ 12,623	$ (76,485)
Allocation of net income (loss) to common shareholders:			
Common stock	$ 71,755	$ 12,623	$ (76,485)
Unvested participating shares	280	—	—
	$ 72,035	$ 12,623	$ (76,485)
Weighted average number of common shares:			
Class L	—	—	1,326,206
Common stock	65,612,572	62,659,264	6,058,512
Unvested participating shares	255,920	—	—
Earnings (loss) per common share:			
Class L	$ —	$ —	$ 59.73
Common stock	$ 1.09	$ 0.20	$ (12.62)

Earnings per Share - Diluted

The Company calculates diluted earnings per share for common stock using the more dilutive of (1) the treasury stock method, or (2) the two-class method. The following table sets forth the computation of diluted earnings per share using the two-class method (in thousands, except share and per share amounts):

	Years ended December 31,		
	2014	2013	2012
Diluted earnings per share:			
Net income	$ 72,035	$ 12,623	$ 8,162
Accretion of Class L preference	—	—	79,211
Accretion of Class L preference for vested options	—	—	5,436
Net income (loss) available to common shareholders	$ 72,035	$ 12,623	$ (76,485)
Earnings allocated to common stock	$ 71,755	$ 12,623	$ (76,485)
Plus earnings allocated to unvested participating shares	280	—	—
Less adjusted earnings allocated to unvested participating shares	(274)	—	—
Earnings allocated to common stock	$ 71,761	$ 12,623	$ (76,485)
Weighted average number of common shares:			
Class L	—	—	1,326,206
Common stock	65,612,572	62,659,264	6,058,512
Effect of dilutive securities	1,631,600	1,849,772	—
	67,244,172	64,509,036	6,058,512
Earnings (loss) per common share:			
Class L	$ —	$ —	$ 59.73
Common stock	$ 1.07	$ 0.20	$ (12.62)

Options outstanding to purchase 0.7 million shares, 0.1 million shares and 0.6 million shares of common stock were excluded from diluted earnings per share for the years ended December 31, 2014, 2013, and 2012, respectively, since their effect was anti-dilutive, which may be dilutive in the future. Options outstanding to purchase 0.1 million shares of Class L common stock were excluded from diluted earnings per share for the year ended December 31, 2012 since their effect was anti-dilutive.

14. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases various office equipment, child care and early education center facilities and office space under non-cancelable operating leases. Most of the leases expire within 10 years and many contain renewal options for various periods. Rent expense for the years ended December 31, 2014, 2013, and 2012 totaled $88.7 million, $76.8 million and $62.8 million, respectively.

Future minimum payments under non-cancelable operating leases as of December 31, 2014 are as follows for the years ending December 31 (in thousands):

2015	$ 84,684
2016	82,274
2017	75,469
2018	70,526
2019	64,819
Thereafter	362,722
Total future minimum lease payments	$ 740,494

Long-Term Debt

Future minimum payments of long-term debt are as follows for the years ending December 31 (in thousands):

2015	$ 9,550
2016	9,550
2017	9,550
2018	9,550
2019	9,550
Thereafter	891,450
Total future principal payments	$ 939,200

Overdraft Facilities

The Company's subsidiaries in the United Kingdom maintain an overdraft facility with a U.K. bank to support local short-term working capital requirements. The overdraft facility is repayable upon demand from the U.K. bank. The facility provides maximum borrowings of £0.3 million (approximately $0.4 million at December 31, 2014) and is secured by a cross guarantee by and among the Company's subsidiaries in the United Kingdom and a right of offset against all accounts maintained by the subsidiaries at the lending bank. The overdraft facility bears interest at the U.K. bank's base rate plus 2.15%. At December 31, 2014 and 2013, there were no amounts outstanding under the overdraft facility.

The Company's subsidiary in the Netherlands maintained a multi-purpose revolving credit facility with a Dutch bank to support working capital, letter of credit requirements, and the construction and fitting out of new child care centers. The facility was secured by a right of offset against all accounts maintained at the lending bank and by an additional pledge of certain equipment. The €2.2 million facility was terminated in December 2014 and at December 31, 2013 there was €0.5 million (approximately $0.7 million) outstanding under the facility. The weighted average interest rate for the years ended December 31, 2014 and 2013 was 5.53% and 5.61%, respectively.

Letters of Credit

The Company has 23 letters of credit outstanding used to guarantee certain rent payments for up to $1.1 million. These letters of credit are guaranteed by cash deposits. No amounts have been drawn against these letters of credit.

Litigation

The Company is a defendant in certain legal matters in the ordinary course of business. Management believes the resolution of such legal matters will not have a material effect on the Company's financial condition, results of operations or cash flows.

Insurance and Regulatory

The Company self-insures a portion of its medical insurance plans and has a high deductible workers' compensation plan. While management believes that the amounts accrued for these obligations are sufficient, any significant increase in the number of claims or costs associated with claims made under these plans could have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company's child care and early education centers are subject to numerous federal, state and local regulations and licensing requirements. Failure of a center to comply with applicable regulations can subject it to governmental sanctions, which could require expenditures by the Company to bring its child care and early education centers into compliance.

15. EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Retirement Savings Plan (the "401(k) Plan") for all eligible employees. To be eligible for the 401(k) Plan, an employee must be at least 20.5 years of age and have completed their eligibility period of 60 days and 160 hours of service from date of hire. If they do not meet the 160 hours of service requirement, they may be eligible at 12 months provided they have reached 1,000 hours of service from date of hire. The 401(k) Plan is funded by elective employee contributions of up to 50% of their compensation, subject to certain limitations. Under the 401(k) Plan, the Company matches 25% of employee contributions for each participant up to 8% of the employee's compensation after one year of service. Expense under the plan, consisting of Company contributions and plan administrative expenses paid by the Company, totaled approximately $2.3 million, $2.1 million and $2.0 million for each of the years ended December 31, 2014, 2013 and 2012.

The Company maintains a Nonqualified Deferred Compensation Plan ("NQDC Plan") for all eligible employees that became effective September 1, 2014. Eligible employees are employees who have capped contribution levels in our existing 401(k) Plan due to the thresholds dictated by the IRS definition of "highly compensated" employees, as well as other

employees at the discretion of the Bright Horizons Family Solutions Nonqualified Deferred Compensation Plan Committee ("the Administration Committee"). The NQDC Plan is funded by elective employee contributions of up to 50% of their compensation. Under the NQDC Plan, the Company matches 25% of employee contributions for each participant up to $2,500. The Company recorded an asset and a corresponding liability for the deferred compensation plan that were $0.3 million at December 31, 2014.

16. SEGMENT AND GEOGRAPHIC INFORMATION

Bright Horizons work/life services are primarily comprised of full service center-based child care, back-up dependent care, and other educational advisory services. Full service center-based care includes the traditional center-based child care, preschool, and elementary education, which have similar operating characteristics and meet the criteria for aggregation. Full service center-based care derives its revenues primarily from contractual arrangements with corporate clients and from tuition. The Company's back-up dependent care services consist of center-based back-up child care, in-home care, mildly ill care, and adult/elder care. The Company's other educational advisory services consists of the remaining services, including college preparation and admissions counseling, tuition reimbursement program administration, and related consulting services, which do not meet the quantitative thresholds for separate disclosure and are not material for segment reporting individually or in the aggregate. The Company and its chief operating decision makers evaluate performance based on revenues and income from operations.

The assets and liabilities of the Company are managed centrally and are reported internally in the same manner as the consolidated financial statements; therefore, no additional information is produced or included herein.

	Full service center-based care	Back-up dependent care	Other educational advisory services	Total
	(In thousands)			
Year ended December 31, 2014				
Revenue	$ 1,156,661	$ 162,886	$ 33,452	$ 1,352,999
Amortization of intangible assets	27,696	725	578	28,999
Income from operations (1)	92,229	49,317	5,374	146,920
Year ended December 31, 2013				
Revenue	$ 1,049,854	$ 144,432	$ 24,490	$ 1,218,776
Amortization of intangible assets	29,048	725	302	30,075
Income from operations (2)	67,287	39,710	2,037	109,034
Year ended December 31, 2012				
Revenue	$ 922,214	$ 130,082	$ 18,642	$ 1,070,938
Amortization of intangible assets	25,906	725	302	26,933
Income from operations (3)	60,154	33,863	1,447	95,464

(1) For the year ended December 31, 2014, income from operations includes $2.7 million of costs associated with secondary offerings of common shares and the Credit Agreement amendment completed in November 2014 ($2.4 million to full service center-based care and $0.3 million to back-up dependent care).

(2) For the year ended December 31, 2013, income from operations includes expenses incurred in connection with the Offering completed in January 2013, including a $7.5 million fee for the termination of the management agreement with the Sponsor, and $5.0 million for certain stock options that vested upon completion of the Offering, allocated on a proportionate basis to each segment, $4.0 million of acquisition-related expenses related to full-service center-based care and $1.3 million of costs associated with secondary offerings of common shares ($15.1 million to full service center-based care, $1.9 million to back-up dependent care, and $0.8 million to other educational advisory services).

(3) For the year ended December 31, 2012, income from operations includes expenses incurred in connection with the modification of stock options in the amount of $15.1 million and expenses incurred in connection with the Offering completed in January 2013 in the amount of $1.8 million, allocated on a proportionate basis to each segment ($12.5 million to full service center-based care, $3.1 million to back-up dependent care, and $1.3 million to other educational advisory services).

Revenue and long-lived assets by geographic region are as follows (in thousands):

	Years ended December 31, 2014	2013	2012
Revenue			
North America	$ 1,074,951	$ 980,537	$ 901,210
Europe and other	278,048	238,239	169,728
Total Revenue	$ 1,352,999	$ 1,218,776	$ 1,070,938

	December 31, 2014	2013
Long-lived assets		
North America	$ 277,971	$ 260,483
Europe and other	120,976	130,411
Total long-lived assets	$ 398,947	$ 390,894

The classification “North America” is comprised of the Company’s United States, Canada and Puerto Rico operations and the classification “Europe and other” includes the Company’s United Kingdom, Netherlands, Ireland, and India operations. Revenues in the United States were $1.1 billion in 2014, $975.5 million in 2013, and $896.1 million in 2012. Revenues in the United Kingdom were $239.6 million in 2014, $204.7 million in 2013, and $136.1 million in 2012. Long-lived assets were $275.7 million and $257.8 million, at December 31, 2014 and 2013, respectively, in the United States, and $104.0 million and $108.9 million at December 31, 2014 and 2013, respectively, in the United Kingdom. Revenue and long-lived assets associated with other countries were not material.

17. TRANSACTIONS WITH RELATED PARTIES

The Company had a management agreement with the Sponsor which provided for annual payments of $2.5 million through May 2018. In connection with the Offering, the Company and the Sponsor terminated the management agreement in exchange for a $7.5 million payment from the Company to the Sponsor, which is included in selling, general and administrative expenses in the accompanying statement of operations for the year ended December 31, 2013.

On June 19, 2013, March 25, 2014, and December 10, 2014 certain of the Company’s shareholders affiliated with the Sponsor completed the sale of 9.8 million, 7.9 million and 8.0 million shares, respectively, of the Company’s common stock in secondary offerings (“secondary offerings”). On December 10, 2014, the Company acquired 4.5 million of the offered shares at the equivalent price offered to public shareholders. As of December 31, 2014, investment funds affiliated with the Sponsor hold approximately 42.3% of the Company’s common stock.

18. QUARTERLY RESULTS (UNAUDITED)

In the opinion of the Company’s management, the accompanying unaudited interim consolidated financial statements contain all adjustments which are necessary for a fair presentation of the quarters presented. The operating results for any quarter are not necessarily indicative of the results of any future quarter.

	March 31, 2014	June 30, 2014	September 30, 2014	12/31/2014
	(In thousands, except per share amounts)			
Revenue	$ 332,155	$ 348,100	$ 334,976	$ 337,768
Gross profit	77,149	83,114	72,861	80,478
Income from operations	34,011	42,535	33,046	37,328
Net income	16,048	21,714	15,379	18,894
Net income attributable to Bright Horizons Family Solutions Inc.	16,048	21,714	15,379	18,894
Allocation of net income to common stockholders:				
Common stock—basic	15,988	21,629	15,319	18,819
Common stock—diluted	15,990	21,631	15,320	18,820
Earnings per share:				
Common stock—basic	$ 0.24	$ 0.33	$ 0.23	$ 0.29
Common stock—diluted	$ 0.24	$ 0.32	$ 0.23	$ 0.28

	March 31, 2013	June 30, 2013	September 30, 2013	12/31/2013
	(In thousands, except per share amounts)			
Revenue	$ 280,123	$ 310,813	$ 308,663	$ 319,177
Gross profit	65,790	75,425	68,505	71,216
Income from operations	15,437	35,397	27,789	30,411
Net (loss) income	(50,781)	24,507	14,942	23,676
Net (loss) income attributable to Bright Horizons Family Solutions Inc. (1)	(50,743)	24,579	15,044	23,743
Allocation of net (loss) income to common stockholders – basic and diluted:				
Common stock	(50,743)	24,579	15,044	23,743
Earnings (loss) per share:				
Common stock—basic	$ (0.91)	$ 0.38	$ 0.23	$ 0.36
Common stock—diluted	$ (0.91)	$ 0.37	$ 0.23	$ 0.35

(1) Net loss for the quarter ended March 31, 2013 includes a loss of $63.7 million from the extinguishment of debt. Refer to Note 9, “Credit Arrangements and Debt Obligations,” for additional details.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are intended to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2014. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2014 due to the material weakness in internal control over financial reporting described below.

Management has identified a material weakness in its internal control over financial reporting related to information technology general controls in the areas of user access and program change management. For additional information regarding the nature of this material weakness, see “Management’s Report on Internal Control Over Financial Reporting” below. We have developed a remediation plan for this material weakness, which is described below under “Remediation Activities.”

Notwithstanding the identified material weakness and management’s assessment that internal control over financial reporting was ineffective as of December 31, 2014, management believes that the audited consolidated financial statements contained in this Annual Report on Form 10-K fairly present, in all material respects, our financial condition, results of operations and cash flows for the fiscal years presented in conformity with accounting principles generally accepted in the United States of America. Additionally, this material weakness did not result in any restatements of the Company's audited consolidated financial statements and disclosures for any prior period previously reported by the Company.

Management’s Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Exchange Act as a process, designed by, or under the supervision of the Company’s principal executive and principal financial officers and effected by the Company’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and disposition of assets; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures are made only in accordance with management and board authorizations; and providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

Management, with the participation of the Company’s principal executive and principal financial officers, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014 based on the framework and criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on the foregoing, management concluded that the Company’s internal control over financial reporting was not effective as of December 31, 2014 for the reasons described below.

In the course of completing its assessment of internal control over financial reporting as of December 31, 2014, management identified a number of deficiencies related to the design and operating effectiveness of information technology (“IT”) general controls for certain information systems that comprise part of the Company’s system of internal control over financial reporting and are relevant to the preparation of its consolidated financial statements (such information technology systems are referred to as the “affected IT systems”). These deficiencies involve user access controls and program change

management controls that are intended to ensure that access to financial applications and data is adequately restricted to appropriate personnel, and that changes affecting the financial applications and underlying account records are identified, authorized, tested and implemented appropriately. As a result of the deficiencies identified, there is a possibility that the effectiveness of business process controls, which are dependent on the affected IT systems, or electronic data and financial reports, generated from the affected IT systems, could be adversely affected. Therefore, management has concluded that, as of December 31, 2014, there was a material weakness in internal control over financial reporting related to information technology general controls in the areas of user access and program change management for the affected IT systems. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Remediation Activities

We are actively engaged in the implementation of a remediation plan to ensure that controls contributing to this material weakness are designed appropriately and will operate effectively. The remediation actions we are taking and expect to take include the following:

- Improving the design, operation and monitoring of control activities and procedures associated with user and administrator access to the affected IT systems, including both preventive and detective control activities.
- Implementing appropriate program change management control activities, including tracking of access, authorizations and history of changes across the affected IT systems.
- While remediation is in progress to address the general IT control deficiencies, implementing mitigating business process controls that directly mitigate the risks related to the electronic data and financial reports generated from the affected IT systems and used in the performance of underlying business process controls.
- Expanding our resources in the functional areas that support and monitor our IT systems and the information generated therefrom.

Management believes that these efforts will effectively remediate the material weakness. However, the material weakness in our internal control over financial reporting will not be considered remediated until the new controls are fully implemented, in operation for a sufficient period of time and tested and concluded by management to be designed and operating effectively, and we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts. In addition, as the Company continues to evaluate and work to improve its internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. Management will test and evaluate the implementation of these new processes and internal controls during 2015 to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in the Company’s financial statements. Subject to the foregoing, management believes these remediation efforts will be completed by December 31, 2015.

Attestation Report of the Independent Registered Public Accounting Firm.

Our internal control over financial reporting as of December 31, 2014, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which follows below.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the three months ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Bright Horizons Family Solutions Inc.
Watertown, Massachusetts

We have audited Bright Horizons Family Solutions Inc. and subsidiaries (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on that risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management identified a material weakness in internal control over financial reporting relating to the design and operating effectiveness of user access and program change management controls related to certain information systems that are relevant to the preparation of the Company's consolidated financial statements and system of internal control over financial reporting. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2014, of the Company and this report does not affect our report on such financial statements.

In our opinion, because of the effects of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated March 2, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 2, 2015

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers of the Registrant

Set forth below is certain information about our executive officers. Ages are as of December 31, 2014.

David H. Lissy, age 49, has served as a director of the Company since 2001 and 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 Executive Vice President from June 2000 to January 2002. He joined Bright Horizons in August 1997 and served as Vice President of Development until the merger with CorporateFamily Solutions, Inc. in July 1998. Prior to joining Bright Horizons, Mr. Lissy served as Senior Vice President/General Manager at Aetna U.S. Healthcare, the employee benefits division of Aetna, Inc., in the New England region. His experience prior to joining the Company, his leadership at the Company and at many charitable, business services, and educational organizations, including his current service on the boards of the March of Dimes, Altegra Health, Jumpstart and Ithaca College, provides him with the experience and management skills necessary to serve as a director of the Company.

Mary Ann Tocio, age 66, has served as a director of the Company since November 2001 and as Chief Operating Officer of the Company since its inception in 1998. She was appointed President in June 2000. Ms. Tocio joined Bright Horizons in 1992 as Vice President and General Manager of Child Care Operations, and served as Chief Operating Officer from November 1993 until the merger with CorporateFamily Solutions, Inc. in July 1998. Ms. Tocio has more than thirty years of experience managing multi-site service organizations, twenty years of which were with the Company. She was previously the Senior Vice President of Operations for Health Stop Medical Management, Inc., a national provider of ambulatory care and occupational health services. Ms. Tocio currently serves as a member of the board of directors of Harvard Pilgrim Health Care, a health benefits and insurance organization. Additionally, Ms. Tocio serves on the boards of Horizons for Homeless Children, a non-profit organization that provides support for homeless children, and of the privately held, Ella Health, a 3-D mammography and women's health service provider, and CareWell, a provider of urgent care centers. Ms. Tocio served as a member of the board of directors of Mac-Gray Corporation, a provider of laundry facilities management services, from 2006 to 2013. Her public company board experience and expertise with managing growing organizations render her an invaluable resource as a director.

Elizabeth J. Boland, age 55, has served as Chief Financial Officer of the Company since June 1999. Ms. Boland joined Bright Horizons in September 1997 and served as Chief Financial Officer and, subsequent to the merger between Bright Horizons and CorporateFamily Solutions, Inc. in July 1998, served as Senior Vice President of Finance for the Company until June 1999. From 1994 to 1997, Ms. Boland was Chief Financial Officer of The Visionaries, Inc., an independent television production company. From 1990 to 1994, Ms. Boland served as Vice President-Finance for Olsten Corporation, a publicly traded provider of home-health care and temporary staffing services. From 1981 to 1990, she worked on the audit staff at Price Waterhouse, LLP in Boston, completing her tenure as a senior audit manager.

Stephen I. Dreier, age 72, has served as Chief Administrative Officer and Secretary of the Company since 1997. He joined Bright Horizons as Vice President and Chief Financial Officer in August 1988 and became its Secretary in November 1988 and Treasurer in September 1994. Mr. Dreier served as Bright Horizons' Chief Financial Officer and Treasurer until September 1997, at which time he was appointed to the position of Chief Administrative Officer. From 1976 to 1988, Mr. Dreier was Senior Vice President of Finance and Administration for the John S. Cheever/Paperama Company.

Danroy T. Henry, Sr., age 48, has served as the Chief Human Resource Officer since December 2007. Mr. Henry joined Bright Horizons in May 2004 as the Senior Vice President of Global Human Resources. From 2001 to 2004, Mr. Henry was the Executive Vice President for FleetBoston Financial where he had responsibility for the metropolitan Boston consumer banking market. Prior to 2001 Mr. Henry served roles in human resources management at Blinds To Go Superstores, Staples, Inc. and Pepsi Cola Company. Mr. Henry is the past board chair of the North East Human Resources Association and has served on the board of the Society of Human Resource management foundation. He is also currently the chair and co-founder of the DJ Dream Fund.

Stephen H. Kramer, age 44, has served as the Chief Development Officer since January 2014. Mr. Kramer served as Senior Vice President, Strategic Growth & Global Operations from January 2010 until December 2013. He served as Managing Director, Europe based in the UK from January 2008 until December 2009. He joined Bright Horizons in September 2006 through the acquisition of College Coach, which he cofounded and led for eight years. Previously he was an Associate at

Fidelity Ventures, the venture capital arm of Fidelity Investments and a Consultant with Arthur D. Little. Mr. Kramer received a B.S. from Babson College and an MBA from Harvard Business School. He serves on the board of Building Excellent Schools.

The remaining information required by this item will be contained in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, which will be filed not later than 120 days after the close of our fiscal year ended December 31, 2014 (the "Definitive Proxy Statement") and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships, Related Transactions and Director Independence

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be contained in our Definitive Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial statements: All financial statements are included in Part II, Item 8 of this report.
2. Financial statement schedules: All other financial statement schedules are omitted because they are not required or are not applicable, or the required information is provided in the consolidated financial statements or notes described in Item 15(a)(1) above.
3. Exhibits:

Exhibit Number	Exhibit Title
2.1*	Share Sale and Purchase Agreement among Lydian Capital Partners LP and Others and BHFS Two Limited, dated May 10, 2012 (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, as amended on November 9, 2012)
2.2*	Share Purchase Agreement among Lloyds Development Capital (Holdings) Limited and Others, BHFS Two Limited and Kidsunlimited Group Limited, dated April 10, 2013 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed April 11, 2013)
3.1*	Form of Second Restated Certificate of Incorporation of Bright Horizons Family Solutions Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
3.2*	Form of Restated By-laws of Bright Horizons Family Solutions Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
4.1*	Form of Amended and Restated Registration Rights Agreement among Bright Horizons Family Solutions Inc., Bright Horizons Capital Corp., Bright Horizons Family Solutions LLC, and certain stockholders of Bright Horizons Family Solutions Inc. (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, as amended on January 14, 2013)
10.1*	Bright Horizons Family Solutions Inc. (f/k/a Bright Horizons Solutions Corp.) 2008 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.2*	Amendment to Bright Horizons Family Solutions Inc. 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.1(1) to the Company's Registration Statement on Form S-1, File No. 333-184579, as amended on January 14, 2013)
10.3*	Credit Agreement, dated as of January 30, 2013, among Borrower, Holdings, Goldman Sachs Bank USA, J.P. Morgan Securities LLC, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, and certain other lenders (incorporated by reference to Exhibit 10.1 on the Company's Current Report on Form 8-K dated February 4, 2013)
10.4*	Form of Non-Statutory Time-Based Option Award under the 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1, filed October 24, 2012)
10.5*	Form of Non-Statutory Performance-Based Option Award under the 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.6*	Form of Non-Statutory Continuation Option Award under the 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.7*	Management Agreement among Bright Horizons Solutions Corp., Bright Horizons Capital Corp., Bright Horizons Family Solutions LLC and Bain Capital Partners LLC dated May 28, 2008 (incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.8*	Form of Director Stock Option Award under 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.6(1) to the Company's Registration Statement on Form S-1, File No. 333-184579, as amended on November 9, 2012)
10.9*	Form of Employee Stock Option Award under 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.6 (2) to the Company's Registration Statement on Form S-1, File No. 333-184579, as amended on November 9, 2012)
10.10*	Bright Horizons Family Solutions Inc. 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K, filed March 26, 2013)

Exhibit Number	Exhibit Title
10.11*	Bright Horizons Family Solutions Inc. Annual Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1, File No. 333-184579, as amended on November 9, 2012)
10.12*	Form of Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and David Lissy, Chief Executive Officer (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.13*	Form of Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Mary Ann Tocio, President and Chief Operating Officer (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.14*	Form of Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Elizabeth Boland, Chief Financial Officer (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.15*	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.16*	Form of Amended and Restated Stockholders Agreement among Bright Horizons Family Solutions Inc., Bright Horizons Capital Corp., Bright Horizons Family Solutions LLC, and the investors named therein (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.17*	Joinder Agreement by and among Goldman Sachs Credit Partners L.P., Bright Horizons Family Solutions LLC, Bright Horizons Capital Corp., the Guarantors defined therein, and General Electric Capital Corporation, dated May 23, 2012 (incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.18*	Amended and Restated Lease between the President and Fellows of Harvard College and Bright Horizons Children's Centers, LLC, dated December 1, 2009 (incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.19*	Assignment and Assumption of Lease and Novation Agreement among the President and Fellows of Harvard College, Enterprise Mobile, Inc. and Bright Horizons Children's Centers LLC, dated June 15, 2011 (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.20*	First Amendment to Amended and Restated Lease between the President and Fellows of Harvard College and Bright Horizons Children's Centers LLC, dated July 25, 2011 (incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.21*	Second Amendment to Amended and Restated lease between the President and Fellows of Harvard College and Bright Horizons Children's Centers LLC, dated September 30, 2012 (incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1, File No. 333-184579, filed October 24, 2012)
10.22*	Amendment No. 1 to Credit Agreement, dated as of November 19, 2014, among Borrower and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 20, 2014)
10.23*	Incremental Joinder to Credit Agreement, dated as of December 9, 2014, among Borrower, the Lenders and Additional Lenders party thereto and Goldman Sachs Bank USA, as Administrative Agent (incorporated by reference to Exhibit 10.1 on the Company's Current Report on Form 8-K dated December 9, 2014)
10.24	Form of Restricted Stock Agreement
10.25	Form of Restricted Stock Agreement (Directors)
10.26	Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Stephen Kramer, Chief Development Officer
10.27	Amended and Restated Severance Agreement between Bright Horizons Family Solutions LLC and Danroy T. Henry, Sr. Chief Human Resource Officer
10.28	Form of Director and Officer Indemnification Agreement
10.29	Non-Qualified Employee Supplemental Retirement Plan
18.1	Preferability Letter Regarding Change in Accounting Policy relating to Goodwill
21.1	Subsidiaries of Bright Horizons Family Solutions Inc.
23.1	Consent of Independent Registered Public Accounting Firm Deloitte & Touche LLP
31.1	Certification pursuant to Section 302 of Sarbanes Oxley Act of 2002 by Chief Executive Officer
31.2	Certification pursuant to Section 302 of Sarbanes Oxley Act of 2002 by Chief Financial Officer
32.1	Certification of periodic financial report pursuant to Section 906 of Sarbanes Oxley Act of 2002
32.2	Certification of periodic financial report pursuant to Section 906 of Sarbanes Oxley Act of 2002

Exhibit Number	Exhibit Title
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* previously filed

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 2, 2015

Bright Horizons Family Solutions Inc.

By:	/s/ David Lissy
Name:	David Lissy
Title:	Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Linda Mason Linda Mason	Chair of the Board	March 2, 2015
/s/ David Lissy David Lissy	Director, Chief Executive Officer (Principal Executive Officer)	March 2, 2015
/s/ Elizabeth Boland Elizabeth Boland	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2015
/s/ Mary Ann Tocio Mary Ann Tocio	Director, President and Chief Operating Officer	March 2, 2015
/s/ Lawrence Alleva Lawrence Alleva	Director	March 2, 2015
/s/ Joshua Bekenstein Joshua Bekenstein	Director	March 2, 2015
/s/ Roger Brown Roger Brown	Director	March 2, 2015
/s/ E. Townes Duncan E. Townes Duncan	Director	March 2, 2015
/s/ Jordan Hitch Jordan Hitch	Director	March 2, 2015
/s/ David Humphrey David Humphrey	Director	March 2, 2015
/s/ Marguerite Kondracke Marguerite Kondracke	Director	March 2, 2015
/s/ Sara Lawrence-Lightfoot Sara Lawrence-Lightfoot	Director	March 2, 2015

Exhibit 10.24

Name:	[●]
Number of Shares of Restricted Stock:	[●]
Date of Grant:	[●]
Per Share Subscription Price:	$[●]
Total Subscription Price:	$[●]

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
2012 OMNIBUS LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK AGREEMENT

This agreement (this "Agreement") evidences the grant of restricted shares of Stock by Bright Horizons Family Solutions Inc. (the "Company") to the undersigned (the "Grantee"), pursuant to and subject to the terms of the Bright Horizons Family Solutions Inc. 2012 Omnibus Long-Term Incentive Plan (as amended from time to time, the "Plan"), which is incorporated herein by reference.

1. Grant of Restricted Stock; Purchase Price. The Company hereby grants to the Grantee on the date of grant set forth above (the "Date of Grant") the number of shares of restricted Stock set forth above (the "Restricted Stock") on the terms provided herein and in the Plan. As consideration for the grant of the Restricted Stock, the Grantee agrees to pay to the Company in cash the amount per share set forth above (the "Per Share Subscription Price," and, in the aggregate, the "Total Subscription Price"), which Per Share Subscription Price shall equal fifty percent (50%) of the fair market value of a share of Stock on the Date of Grant.

2. Vesting. The term "vest" as used herein with respect to any share of Restricted Stock means the lapsing of the restrictions described herein with respect to such share. Unless earlier terminated, forfeited, relinquished or expired, the Restricted Stock shall vest in full on the earliest of (a) the third (3rd) anniversary of the Date of Grant, (b) a Change of Control, (c) the termination of the Grantee's Employment by the Company by reason of his or her Disability, and (d) the termination of Grantee's Employment by reason of his or her death, provided that the Grantee has remained in continuous Employment from the Date of Grant through the applicable vesting date.

3. Meaning of Certain Terms. Each initially capitalized term used but not separately defined herein has the meaning assigned to such term in the Plan. The following terms have the following meanings:

(a) "Act" means the Securities Exchange Act of 1934, as amended.

(b) "Change of Control" means (i) any Person (other than any direct or indirect wholly-owned subsidiary of the Company) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act) of securities of the Company representing more than 50% of the combined voting power of the Company's then-outstanding securities, (ii) the Company is a party to a merger, consolidation sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office

immediately prior to such transaction or event constitute less than a majority of the Board thereafter, or (iii) individuals who, at the date hereof, constitute the Board (the "Continuing Directors") cease for any reason to constitute a majority thereof; provided, however, that any director who is not in office at the date hereof but whose election by the Board, or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of directors then still in office who were directors at the date hereof or whose election or nomination for election was previously so approved shall be deemed to be a Continuing Director for purposes of this Agreement. Notwithstanding the foregoing provisions of this paragraph, a "Change of Control" will not be deemed to have occurred solely because of the acquisition of the securities of the Company (or any reporting requirement under the Act relating thereto) by an employee benefit plan maintained by the Company or its subsidiaries for its employees.

(c) "Person" means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a "group" as defined in Section 13(d)(3) or 14(d)(2) of the Act), other than the Company or any of its subsidiaries.

4. Forfeiture Risk.

(a) If the Grantee's Employment ceases for any reason (each, a "Qualifying Termination"), other than as a result of the Grantee's death or a termination of Employment by the Company by reason of the Grantee's Disability, the Company shall have the right to repurchase (the "Repurchase Option") at one or more times any and all then outstanding and unvested Restricted Stock acquired by the Grantee hereunder (the "Qualifying Restricted Stock") during the one (1)-year period beginning on the date of the Qualifying Termination (the "Repurchase Period") at a price per share of Qualifying Restricted Stock equal to the lesser of (x) the fair market value of a share of Stock on the date of repurchase and (y) the Per Share Subscription Price. Any Qualifying Restricted Stock not repurchased by the Company as of the end of the Repurchase Period shall automatically and immediately be forfeited at such time with no consideration due to the Grantee. The Company may exercise the Repurchase Option by delivering personally or by registered mail to the Grantee (or the Grantee's legal representative or permitted transferee, as the case may be) a written notice indicating the Company's intention to exercise the Repurchase Option and the number of Qualifying Restricted Stock so repurchased, together with a check in the amount of the aggregate repurchase price. Upon delivery of such notice and payment of the aggregate repurchase price with respect to the Qualifying Restricted Stock so repurchased, the Company shall become the legal and beneficial owner of the shares of Qualifying Restricted Stock being repurchased and the rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of shares of Qualifying Restricted Stock being repurchased by the Company.

(b) The Grantee hereby (i) appoints the Company as his or her attorney-in-fact to take such actions as may be necessary or appropriate to effectuate a transfer of the record

ownership of any such shares that are transferred or that are unvested and forfeited as contemplated by this Section 4, (ii) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to unvested Restricted Stock hereunder, one or more stock powers, endorsed in blank, with respect to such shares, and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any unvested Restricted Stock as contemplated by this Section 4.

5. Retention of Certificates, *etc*. Any certificates representing unvested Restricted Stock shall be held by the Company. If unvested Restricted Stock is held in book entry form, the Grantee agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof.

6. Legend. All certificates representing unvested Restricted Stock shall contain a legend substantially in the following form:

> THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE BRIGHT HORIZONS FAMILY SOLUTIONS INC. 2012 OMNIBUS LONG-TERM INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND BRIGHT HORIZONS FAMILY SOLUTIONS INC. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE IN THE OFFICES OF BRIGHT HORIZONS FAMILY SOLUTIONS INC.

As soon as practicable following the vesting of any such Restricted Stock the Company shall cause a certificate or certificates covering such shares, without the aforesaid legend, to be issued and delivered to the Grantee. If any shares of Restricted Stock or Stock are held in book-entry form, the Company may take such steps as it deems necessary or appropriate to record and manifest the restrictions applicable to such shares.

7. Dividends, *etc*. The Grantee shall be entitled to (a) receive any and all dividends or other distributions paid with respect to those shares of Stock of which he or she is the record owner on the record date for such dividend or other distribution, and (b) vote any shares of Stock of which he or she is the record owner on the record date for such vote; provided, however, that any property (other than cash) distributed with respect to a share of Stock (the "associated share") acquired hereunder, including without limitation a distribution of Stock by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with respect to an associated share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the associated share remains subject to such restrictions, and shall be promptly forfeited if and when the associated share is so forfeited; and further provided, that the Administrator may require that any cash distribution with respect to the shares of Stock be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan. References in this Section 7 to Stock shall refer, *mutatis mutandis*, to any shares of Restricted Stock.

8. Sale of Vested Stock. The Grantee understands that he or she will be free to sell any share of Restricted Stock once it has vested, subject to (a) satisfaction of any applicable tax withholding requirements with respect to the vesting or transfer of such share, (b) the completion of any administrative steps (for example, but without limitation, the transfer of certificates) that the Company may reasonably impose, and (c) applicable requirements of federal and state securities laws. Shares of unvested Restricted Stock may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of, except as the Administrator may provide.

9. Certain Tax Matters. The Grantee expressly acknowledges the following:

(a) The Grantee has been advised to confer promptly with a professional tax advisor to consider whether he or she should make a so-called "83(b) election" with respect to the Restricted Stock. Any such election, to be effective, must be made in accordance with applicable regulations and within thirty (30) days following the Date of Grant. The Company has made no recommendation to the Grantee with respect to the advisability of making such an election.

(b) If the Grantee decides to make an "83(b) election," the Grantee agrees to execute and deliver to the Company a copy of the Acknowledgement and Statement of Decision Regarding Election Pursuant to Section 83(b) of the Code, substantially in the form attached hereto as Exhibit A, together with a copy of the Election Pursuant to Section 83(b) of the Code (the "Election Form"), substantially in the form attached hereto as Exhibit B. The Election Form shall be filed by the Grantee with the appropriate Internal Revenue Service office no later than thirty (30) days after the Date of Grant. The Grantee should consult with his or her tax advisor to determine if there is a comparable election to file in the state of his or her residence and whether such a filing is desirable under the circumstances.

(c) The award or vesting of the Restricted Stock acquired hereunder, and the payment of dividends with respect to such shares, may give rise to "wages" subject to withholding. The Grantee expressly acknowledges and agrees that his or her rights hereunder are subject to the Grantee promptly paying to the Company in cash (or by such other means as may be acceptable to the Company in its discretion, including, if the Administrator so determines, by the delivery of previously acquired shares of Stock or shares of Stock acquired hereunder or by the withholding of amounts from any payment hereunder) all taxes required to be withheld in connection with such award, vesting or payment.

10. Forfeiture/Recovery of Compensation. By accepting the Restricted Stock the Grantee expressly acknowledges and agrees that his or her rights under the Restricted Stock, and those of any permitted transferee of the Restricted Stock or of any Stock received following the vesting of the Restricted Stock or proceeds from the disposition thereof, are subject to Section 6(a)(5) of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 13 of this Agreement.

11. Form S-8 Prospectus. The Grantee acknowledges that he or she has received and reviewed a copy of the prospectus required by Part I of Form S-8 relating to shares of Stock that may be issued under the Plan.

12. Governing Law. This Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provisions thereof.

13. Acknowledgments. By accepting the Award, the Grantee agrees to be bound by, and agrees that the Award is subject in all respects to, the terms of the Plan. The Grantee further acknowledges and agrees that (i) the signature to this Agreement on behalf of the Company is an electronic signature that will be treated as an original signature for all purposes hereunder, and (ii) such electronic signature will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

[The remainder of this page is intentionally left blank]

Executed as of the ___ day of [●], [●].

Company:	BRIGHT HORIZONS FAMILY SOLUTIONS INC.
	By: ______________________________ Name: Title:
Grantee:	______________________________ Name:
	Address:

EXHIBIT A

ACKNOWLEDGMENT AND STATEMENT OF DECISION REGARDING ELECTION PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned, a purchaser of restricted shares of common stock (the "Restricted Stock") of Bright Horizons Family Solutions Inc., a Delaware corporation (the "Company"), for cash pursuant to a Restricted Stock Agreement, dated as of [●], between the undersigned and the Company (the "Restricted Stock Agreement"), hereby states, as of the date of purchase of the Restricted Stock, as follows:

1. The undersigned acknowledges receipt of a copy of the Restricted Stock Agreement. The undersigned has carefully reviewed the Restricted Stock Agreement.

2. The undersigned either [*check as applicable*]:

____ (a) has consulted, and has been fully advised by, the undersigned's own tax advisor, ____, whose business address is _________________________________, regarding the federal, state and local tax consequences of purchasing the Restricted Stock under the Restricted Stock Agreement, and particularly regarding the advisability of making elections pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and pursuant to the corresponding provisions, if any, of applicable state laws; or

____ (b) has knowingly chosen not to consult such tax advisor.

3. The undersigned hereby states that the undersigned has decided to make an election pursuant to Section 83(b) of the Code and is submitting to the Company together with the undersigned's executed Restricted Stock Agreement, a copy of an executed election form which is attached as Exhibit B to the Restricted Stock Agreement.

4. Neither the Company nor a representative of the Company has made any warranty or representation to the undersigned with respect to the tax consequences of his or her purchasing the Restricted Stock pursuant to the Restricted Stock Agreement or of the making or failure to make an election pursuant to Section 83(b) of the Code or corresponding provisions, if any, of applicable state law.

5. The undersigned is also submitting to the Company, together with the undersigned's executed Restricted Stock Agreement, a copy of an executed election form, if an election is made, by the undersigned pursuant to provisions of state law corresponding to Section 83(b) of the Code, if any, that apply to the purchase of the Restricted Stock by the undersigned.

Date: _________________

____
Investor

EXHIBIT B

ELECTION PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, taxpayer identification number, address of the undersigned, and the taxable year for which this election is being made are:

> **Taxpayer's Name: __**
> **Taxpayer's Social Security Number: __**
> **Address: __**
> **Taxable Year: Calendar Year [2014]**

2. The property that is the subject of this election is ______ unvested shares of common stock (the "Unvested Award") of Bright Horizons Family Solutions Inc., a Delaware corporation (the "Company"), representing restricted shares of common stock of the Company ("Restricted Shares").

3. The Unvested Award was transferred to the undersigned on _____.

4. The Unvested Award is subject to the following restrictions: (a) restrictions on vesting based on continued service through the applicable vesting date, (b) for a specified period following the undersigned's termination of employment with the Company or an affiliate for any reason other than death, by the Company due to the undersigned's disability, or by the Company for cause, the Restricted Shares, to the extent unvested, are subject to being repurchased at the lower of fair market value and original cost, (c) the Restricted Shares will immediately terminate and be forfeited upon a termination of employment with the Company or an affiliate for cause, and (d) restrictions should the undersigned wish to transfer the Unvested Award (in whole or in part).

5. The fair market value of the Unvested Award at the time of transfer (determined without regard to any restrictions other than a nonlapse restriction as defined in Section 1.83-3(h) of the Income Tax Regulations) is $_____.

6. For the Unvested Award transferred, the undersigned paid $_____.

7. The amount to include in gross income is $_____.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Date: ___________________   ___________________________________

Taxpayer

Exhibit 10.25

Name:	**[●]**
Number of Restricted Stock Units subject to Award:	**[●]**
Date of Grant:	**[●]**

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
2012 OMNIBUS LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT (DIRECTORS)

This agreement (this "Agreement") evidences an award (the "Award") of restricted stock units (the "Restricted Stock Units") granted by Bright Horizons Family Solutions Inc. (the "Company") to the undersigned (the "Grantee") pursuant to the Bright Horizons Family Solutions Inc. 2012 Omnibus Long-Term Incentive Plan (as amended from time to time, the "Plan"), which is incorporated herein by reference.

1. Grant of Restricted Stock Units. On the date of grant set forth above (the "Grant Date") the Company granted to the Grantee an award consisting of the right to receive on the terms provided herein and in the Plan, one share of Stock with respect to each Restricted Stock Unit forming part of the Award, in each case, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the date hereof.

2. Meaning of Certain Terms. Each initially capitalized term used but not separately defined herein has the meaning assigned to such term in the Plan. The following terms have the following meanings:

(a) "Act" means the Securities Exchange Act of 1934, as amended.

(b) "Change of Control" means (i) any Person (other than any direct or indirect wholly-owned subsidiary of the Company) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act) of securities of the Company representing more than 50% of the combined voting power of the Company's then-outstanding securities, (ii) the Company is a party to a merger, consolidation sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter, or (iii) individuals who, at the date hereof, constitute the Board (the "Continuing Directors") cease for any reason to constitute a majority thereof; provided, however, that any director who is not in office at the date hereof but whose election by the Board, or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of directors then still in office who were directors at the date hereof or whose election or nomination for election was previously so approved shall be deemed to be a Continuing Director for purposes of this Agreement. Notwithstanding the foregoing provisions of this paragraph, a "Change of Control" will not be deemed to have occurred solely because of the acquisition of

the securities of the Company (or any reporting requirement under the Act relating thereto) by an employee benefit plan maintained by the Company or its subsidiaries for its employees, and a "Change of Control" shall only be deemed to occur for purposes of this Agreement if the event also qualifies as a "change in control event" under the Treasury Regulations promulgated under Section 409A of the Code.

(c) "Person" means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a "group" as defined in Section 13(d)(3) or 14(d)(2) of the Act), other than the Company or any of its subsidiaries.

3. Vesting. The Award shall be fully vested on the Grant Date.

4. Delivery of Stock. The Award shall be settled on the earliest of (a) the Grantee's termination of service as a member of the Board, (b) the fifth anniversary of the Grant Date, and (c) a Change of Control. Subject to the provisions of the Plan, within thirty (30) days of such event, in settlement of the Award, the Company shall deliver to the Grantee a stock certificate for that number of shares of Stock equal to the number of Restricted Stock Units covered by the Award. For purposes of this Section 4, the Grantee will not be deemed to terminate service as a member of the Board unless the Grantee has experienced a "separation from service" as defined in Section 1.409A-1(h) of the Treasury Regulations (after giving effect to the presumptions contained therein) from the Company and from all corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations.

5. Dividends; Other Rights. The Award shall not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company or any Affiliate prior to the date on which the Company delivers shares of Stock to the Grantee. The Grantee is not entitled to vote any shares of Stock by reason of the granting of the Award or to receive or be credited with any dividends declared and payable on any share of Stock prior to the date on which any such share is delivered to the Grantee hereunder. The Grantee shall have the rights of a shareholder only as to those shares of Stock, if any, that are actually delivered under the Award.

6. Forfeiture; Recovery of Compensation. By accepting the Award the Grantee expressly acknowledges and agrees that his or her rights (and those of any permitted transferee) under the Award or to any Stock acquired under the Award or any proceeds from the disposition thereof, are subject to Section 6(a)(5) of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 10 of this Agreement.

7. Nontransferability. Neither the Award nor the Restricted Stock Units may be transferred except at death in accordance with Section 6(a)(3) of the Plan.

8. Certain Tax Matters.

(a) The Grantee expressly acknowledges and agrees that he or she shall be responsible for satisfying and paying all taxes arising from or due in connection with the grant or vesting of the Restricted Stock Units and/or the delivery of any Stock hereunder. The Company shall have no liability or obligation relating to the foregoing.

(b) The Grantee expressly acknowledges that because the Award consists of an unfunded and unsecured promise by the Company to deliver Stock in the future, subject to the terms hereof, it is not possible to make a so-called "83(b) election" with respect to the Award.

9. Governing Law. This Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provisions thereof.

10. Acknowledgments. By accepting the Award, the undersigned agrees to be bound by, and agrees that the Award and the Restricted Stock Units are subject in all respects to, the terms of the Plan. The Grantee further acknowledges and agrees that (a) the signature to this Agreement on behalf of the Company is an electronic signature that will be treated as an original signature for all purposes hereunder and (b) such electronic signature will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

[The remainder of this page is intentionally left blank.]

Executed as of the ___ day of [●], [●].

Company: BRIGHT HORIZONS FAMILY SOLUTIONS INC.

By: ______________________________
Name:
Title:

Grantee: ______________________________
Name:

Address:

[Signature Page to Restricted Stock Unit Agreement]

Exhibit 10.26

BRIGHT HORIZONS FAMILY SOLUTIONS LLC
AMENDED & RESTATED SEVERANCE AGREEMENT

January 20, 2014

Stephen Kramer
c/o Bright Horizons Family Solutions LLC
200 Talcott Avenue South
Watertown, Massachusetts 02472

Dear Stephen:

WHEREAS the Board of Managers (the "Board") of Bright Horizons Family Solutions LLC (the "Company") has determined that it is in the best interests of the Company and its sole member Bright Horizons Capital Corp., and Bright Horizons Family Solutions Inc. ("Parent") and its stockholders, for the Company to agree to provide benefits to those members of management, including yourself, who are responsible for the policy-making functions of the Company and the overall viability of the Company's business, in the event that you should leave the employ of the Company under the circumstances described below;

WHEREAS the Board recognizes that the possibility of a change of control of the Company or Parent is unsettling to such members of management, including yourself, and desires to make these arrangements at this time to help assure a continuing dedication by you and your fellow members of management to your duties to the Company and its sole member (and Parent and its stockholders), notwithstanding the occurrence hereafter of attempts to gain control of the Company and the resultant disruptive effects on the management of the Company's business;

WHEREAS the Board believes it important, should the Company receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own employment situation and in addition to your regular duties, to assess and advise the Board whether such proposals would be in the best interests of the Company and its sole member (and Parent and its stockholders) and to take such other action regarding such proposals as the Board might determine to be appropriate;

WHEREAS the Board also wishes to demonstrate to executives of the Company that the Company is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly;

WHEREAS the Board wishes to supersede and replace the agreement between you and Bright Horizons Family Solutions, Inc. (as predecessor to the Company) entitled "Amended & Restated Severance Agreement" and dated October 3, 2012 (the "Prior Severance Agreement") with this Amended & Restated Severance Agreement (the "Agreement"); and

NOW, THEREFORE, to assure the Company that it will have your continued dedication and the availability of your advice and counsel notwithstanding the possibility, threat or occurrence of a bid to

take over control of the Company, and to induce you to remain in the employ of the Company, and in consideration of the stock options you were granted under the Bright Horizons Solutions Corp. 2008 Equity Incentive Plan following the Merger, stock options you were granted under the Bright Horizons Family Solutions Inc.. 2012 Equity Incentive Plan, your continued employment by the Company, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you agree as follows:

1. Employee's Undertaking. You agree that, in the event that any Person begins a tender or exchange offer, circulates a proxy to the Company's member (or Parent's stockholders) or takes other steps to effect a Change of Control, you will not voluntarily leave the employ of the Company and will faithfully and diligently render the services contemplated in the recitals to this Agreement until such Person has abandoned or terminated his efforts to effect a Change of Control or until a Change of Control has occurred.

2. Severance Benefits. In the event that, within twenty-four (24) months after a Change of Control, your employment with the Company is terminated for any reason other than for Cause or death or disability or you terminate your employment for Good Reason, the Company will provide you the following severance pay and benefits, subject to your continued performance under this Agreement and to the further provisions of this Agreement:

2.1 Within thirty (30) days of such termination of employment, the Company will pay your annual base salary accrued through the date of such termination to the extent not theretofore paid and a prorated portion of any bonus payable for the fiscal year in which the date of termination occurs.

2.2 So long as you are not in breach of any provision of this Agreement, the Company will provide you severance pay following the termination of your employment (i) for a period equal to the number of months that you have been employed by the Company, not to exceed twenty four (24) months or (ii) until you secure other employment, whichever is less (the "Severance Payment Period"). Bi-weekly severance pay shall equal one fifty-second (1/52) of your total base salary and cash bonus compensation for the last two years of your employment; provided, however, that if you have been employed by the Company for less than two years, such bi-weekly severance pay shall equal the quotient of (i) the total base salary and cash bonus compensation paid to you during your employment with the Company divided by (ii) the total number of weeks that you have been employed by the Company, which for purposes hereof shall include the week of termination, multiplied by (iii) two (2). Severance payments shall be made in accordance with the Company's regular payroll practices and shall be reduced by taxes and all other legally-required deductions.

2.3 If you elect to continue your participation and that of your eligible dependents in the Company's group health plans in accordance with applicable federal law following termination of your employment, then, for a period of twenty-four (24) months from the date your employment terminates or until you become eligible for coverage under the group health plans of another employer, whichever is less, the Company will pay the premiums for such participation; provided, however that if your continued participation in the Company's group health plans is not possible under the terms of those plans, the Company shall instead arrange to provide you and your dependents substantially similar benefits upon comparable terms or pay you an amount equal to the full cash value thereof in cash. Your participation in all other employee benefits plans will cease on the date your employment terminates, in accordance with the terms of those plans.

2.4 Any obligation of the Company to you hereunder, including without limitation under Section 2 and Section 11 of this Agreement, other than for accrued but unpaid base salary or benefits, shall

be conditioned on your execution of a general release of claims in the form attached to this Agreement as Exhibit A (the "Release of Claims") within twenty-one (21) days following the date your employment is terminated (or such longer period as the Company shall determine it is required by law to permit the you to consider the Release of Claims) and provided you do not revoke the Release of Claims thereafter.

3. Stock Options. Notwithstanding any provision of any stock option or comparable plan of the Company or option agreements thereunder, all options granted you under such plans and not then exercised, expired, surrendered or canceled shall vest immediately prior to a Change in Control, except in the event that such vesting would preclude the pooling method of accounting for the specific transaction that resulted in such Change in Control.

4. Competitive Activities and Other Claims.

4.1 You agree that, at any time during your employment and during the Severance Payment Period, you will not directly or indirectly, whether as owner, partner, investor, consultant, agent, employee or otherwise, compete with the business of the Company or any of its subsidiaries or affiliates or undertake any active planning for any business competitive with that of the Company or any of its subsidiaries or affiliates in any geographic area in which the Company does, or any of its subsidiaries or affiliates do, business or is formally planning at any time prior to the termination of your employment to do business, without the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.

4.2 You agree that, during your employment and during the Severance Payment Period, you will not directly or indirectly (a) solicit or encourage any customer of the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its subsidiaries or affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its subsidiaries and affiliates; provided that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer of the Company or any of its subsidiaries or affiliates at any time within the immediately preceding two year period or whose business has been solicited on behalf of the Company or any of the subsidiaries or affiliates by any of their officers, employees or agents within said two year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its subsidiaries or affiliates or have been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its subsidiaries or affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.

4.3 You agree that, during your employment and during the Severance Payment Period, you will not, and will not assist anyone else to, (a) hire or assist in or solicit for hiring any employee of the Company or any of its subsidiaries or affiliates, or seek to persuade any employee of the Company or any of its subsidiaries or affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an "employee" of the Company or any of its subsidiaries or affiliates is any person who was such at any time within the preceding two (2) years.

4.4 In the event of termination of your employment under the circumstances described herein, the arrangements provided for by this Agreement, by any stock option or other written agreement between you and Parent in effect at that time and by any applicable employee benefit plans of the Company in

effect at that time (in each case as modified by this Agreement) will constitute the entire obligation of the Company and its subsidiaries and affiliates to you, and performance by the Company (or, in the case of any such stock option, Parent) will constitute full settlement of any claim that you might otherwise assert against the Company or any of its subsidiaries or affiliates on account of such termination.

5. Confidentiality. You acknowledge that the Company and its subsidiaries and affiliates continually develop Confidential Information, that you may develop Confidential Information for the Company or its subsidiaries and affiliates, and that you may learn of Confidential Information during the course of employment. You agree that all Confidential Information that you create or to which you have access as a result of your employment is and shall remain the sole and exclusive property of the Company, and that you will comply with the policies and procedures of the Company and its subsidiaries and affiliates for protecting Confidential Information. You further agree that, except as required for the proper performance of your duties for the Company or as required by applicable law (and then only to the extent so required), you will not, directly or indirectly, use for your own benefit or gain, or assist others in the application of or disclose any Confidential Information. You understand and agree that these restrictions will continue to apply after your employment terminates, regardless of the reason for termination and regardless of whether you are receiving or are entitled to receive any payments or other benefits under this Agreement.

6. Enforceability and Remedies.

6.1 You agree that the restrictions on, and other provisions relating to, your activities contained in this Agreement are fully reasonable and necessary to protect the goodwill, Confidential Information and other legitimate business interests of the Company. You also acknowledge and agree that, were you to breach the provisions of this Agreement, the harm to the Company would be irreparable. You therefore agree that in the event of such breach or threatened breach, the Company shall, in addition to any other remedies available to it, have the right to obtain preliminary and permanent injunctive relief against any such breach without having to post bond, and will additionally be entitled to an award of attorneys' fees incurred in connection with securing any of its rights under Sections 4 or 5 of this Agreement. You also agree that the period of restriction referenced in Sections 4.1, 4.2, and 4.3 hereof shall be tolled and shall not run during any period of time when you are in violation thereof. You further agree that, in addition to any other relief awarded to the Company as a result of your breach of any of the provisions of this Agreement, the Company shall be entitled to recover all payments made to you or on your behalf hereunder. It is agreed and understood that no claimed breach of this Agreement by the Company, and no claimed violation of law, shall excuse you from your performance obligations under Sections 4 and 5 hereof, nor shall changes in the nature, scope, or content of your employment, or in your compensation, excuse you from your performance of such obligations or require that this Agreement be re-signed.

6.2 You hereby agree that in the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too long a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

7. Definitions. Words or phrases which are initially capitalized or within quotation marks shall have the meanings provided in this Section 7 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

7.1 "Act" means the Securities Exchange Act of 1934, as amended.

7.2 "Cause" means (i) the commission of fraud, embezzlement, theft or other material act of dishonesty in the performance of your duties for, or responsibilities to, the Company and (ii) willful, or

repeated and negligent, failure to adequately perform your duties for, or responsibilities to, the Company after reasonable notice from the Board setting forth in reasonable detail the nature of such failure and you shall not have remedied such failure within ten (10) days of receiving such notice. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or based on the advice of counsel of the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interest of the Company.

7.3 "Change of Control" shall be deemed to take place if hereafter (i) any Person (other than any Person which is a holder of Parent common stock on the date hereof or any direct or indirect wholly-owned subsidiary of Parent) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act) of securities of (x) the Company representing more than 50% of the combined voting power of the Company's then-outstanding securities, or (y) Parent representing more than 50% of the combined voting power of Parent's then-outstanding securities (ii) the Company or Parent (or any wholly-owned subsidiary of Parent that is a direct or indirect parent company of the Company) is a party to a merger, consolidation sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board or the Board of Directors of Parent (the "Parent Board") in office immediately prior to such transaction or event constitute less than a majority of the Board or the Parent Board, as applicable, thereafter, or (iii) individuals who, at the date hereof, constitute the Board (the "Continuing Directors") or the Parent Board (the "Continuing Parent Directors") cease for any reason to constitute a majority thereof; provided, however, that any manager or director, as applicable, who is not in office at the date hereof but whose election by the Board or the Parent Board, as applicable, or whose nomination for election by the Company's member or Parent's stockholders, as applicable, was approved by a vote of at least two-thirds of the managers or directors, as applicable, then still in office who either were managers or directors, as applicable, at the date hereof or whose election or nomination for election was previously so approved shall be deemed to be a Continuing Director or Continuing Parent Director, as applicable, for purposes of this Agreement. Notwithstanding the foregoing provisions of this paragraph, a "Change of Control" will not be deemed to have occurred solely because of the acquisition of the securities of the Company or Parent (or any reporting requirement under the Act relating thereto) by an employee benefit plan maintained by the Company or Parent for its employees.

7.4 "Code" means the Internal Revenue Code of 1986, as amended.

7.5 "Confidential Information" means any and all information of the Company, its subsidiaries and affiliates that is not generally known by others with whom they compete or do business, or with whom they plan to compete or do business and any and all information, publicly known in whole or in part or not, which, if disclosed by the Company or any of its subsidiaries or affiliates, would assist in competition against any of them. Confidential Information includes without limitation such information relating to (i) the financial performance and strategic plans of the Company, its subsidiaries and affiliates, (ii) the identity and special needs of their customers and the structure of any contractual relationship with such customers and (iii) the people and organizations with whom they have business relationships and the substance of those relationships. Confidential Information also includes any and all information that the Company or any of its subsidiaries or affiliates has received from others with any understanding that it would not be disclosed.

7.6 "Good Reason" means any material diminution in your base salary, bonus opportunity, position or nature or scope of responsibilities (other than by inadvertence) or any material reduction in your benefits that uniquely and disproportionately affects you, in each case occurring without your consent and as to which (x) you have provided written notice to the Board within thirty (30) days of the date on which you knew or reasonably should have known of such diminution or reduction, which notice shall set forth in reasonable detail the nature of such Good Reason, (y) the Company shall not have

remedied such diminution or reduction within thirty (30) days of receiving such written notice, and (z) you shall have terminated your employment within ten (10) days after the Company's failure to remedy such diminution or reduction. Termination of employment for Good Reason, as provided herein, is intended to be an involuntary separation of service for purposes of Section 409A of the Code, and shall be construed accordingly.

7.7 "Person" means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a "group" as defined in Section 13(d)(3) or 14(d)(2) of the Act), other than the Company or any of its subsidiaries.

8. Assignment. Neither the Company nor you may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without your consent in the event that the Company shall hereafter effect a reorganization, or consolidate with, or merge into any Person or other entity or transfer all or substantially all of its property or assets to any Person. This Agreement shall inure to the benefit of and be binding upon the Company, its successors (including without limitation any transferee of all or substantially all of its assets) and permitted assigns and upon you, your executors, administrators, heirs and permitted assigns.

In the event of any merger, consolidation, or sale of assets as described above, nothing contained in this Agreement will detract from or otherwise limit your right to participate or privilege of participation in any stock option or purchase plan or any bonus, profit sharing, pension, group insurance, hospitalization, or other incentive or benefit plan or arrangement which may be or become applicable to executives of the corporation resulting from such merger or consolidation or the corporation acquiring such assets of the Company.

In the event of any merger, consolidation or sale of assets as described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to include the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.

All payments required to be made, or other benefits required to be provided, by the Company hereunder to you or your dependents, beneficiaries, or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions as may be required by law.

9. Notices. Any and all notices, requests, demands, acceptances, appointments and other communications provided for by this Agreement shall be in writing (including telex, telecopy or similar tele-transmission) and shall be effective when actually delivered in person or, if mailed, five (5) days after having been deposited in the United States mail, postage prepaid, registered or certified and addressed to you at your last known address on the books of the Company, or in the case of the Company, addressed to its principal place of business, attention of Chief Executive Officer, or to such other address as either party may specify by notice to the other.

10. Miscellaneous. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together constitute one and the same instrument. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or

public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11. Payments Upon Termination or Resignation Without a Change in Control

11.1 Payments Upon Termination for Cause, Death, Disability or Voluntary Resignation. If (a) the Company at any time terminates your employment for Cause or (b) you voluntarily resign for any reason other than Good Reason, then in either case you shall be entitled to receive only your base salary and any other accrued benefits then due you on a pro rata basis to the date of termination plus reimbursement of properly reimbursable expenses through the date of termination. If you at any time die or become disabled ("disabled" being defined as your inability to perform your normal employment duties for a consecutive six (6) month period during the term of this Agreement because of either physical or mental incapacity), you shall be entitled to receive only your base salary and any other accrued benefits due you and any incentive bonus compensation on a pro rata basis and reimbursement of properly reimbursable expenses to the date of termination. "Pro rata" shall mean the product of your annual base salary and any incentive bonus compensation that would have been payable had your employment not terminated multiplied by a fraction the denominator of which is 365 and the numerator of which is the number of days during the calendar year that have passed through the date of the termination of your employment.

11.2 Payments Upon Termination Without Cause or Resignation for Good Reason. If the Company terminates your employment without Cause or you resign for Good Reason, then in either case you shall be entitled to receive bi-weekly severance payments for a period of one (1) year from the date of termination at your base salary level, with all benefits and taxes handled in the same manner as described in Section 2 above, plus any incentive bonus compensation and any other accrued benefits then due you on a pro rata basis through date of termination. Any payments or benefits provided under this Section 11 shall be in lieu of and not in addition to any payments or benefits provided under Section 2, and at no time will you be eligible for payments or benefits under both Section 2 and Section 11.

12. Section 409A. It is intended that (1) each installment of the payments provided under this Agreement is a separate "payment" for purposes of Section 409A of the Code and (2) that while the Company does not guarantee the tax treatment of deferred compensation payments, if any, made pursuant to this Agreement under Section 409A of the Code, this Agreement complies with Section 409A to the extent applicable and shall be interpreted and administered consistent therewith. Notwithstanding anything to the contrary in this Agreement, if the Company determines (i) that on the date your employment with the Company terminates or at such other time that the Company determines to be relevant, you are a "specified employee" (as such term is defined under Treasury Regulation 1.409A-I(i)(1)) of the Company and (ii) that any payments to be provided to you pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six (6) months after the date of your "separation from service" (as such term is defined under Treasury Regulation 1.409A-I(h)) with the Company. Any payments delayed pursuant to this Section 12 shall be made in a lump sum on the first day of the seventh month following your "separation from service" (as such term is defined under Treasury

Regulation l.409A-I(h)), and any remaining payments required to be made under this Agreement will be paid upon the schedule otherwise applicable to such payments under the Agreement.

13. Acknowledgment. You acknowledge and agree that the consummation of the transactions contemplated by the Merger Agreement did not constitute a Change of Control for purposes of this Agreement, the Prior Severance Agreement or any similar prior agreements.

14. Prior Agreement Superseded. You acknowledge and agree that this Agreement supersedes and replaces the Prior Severance Agreement.

If you are in agreement with the foregoing, please so indicate by signing and returning to me the original of this Agreement, whereupon this Agreement shall constitute a binding agreement between you and the Company. The second copy is for your records.

[remainder of page intentionally left blank]

[Signature Page]

Very truly yours,

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

_____/s/ Stephen Dreier_____________________

Name: Stephen Dreier
Title: Chief Administrative Officer

ACCEPTED AND AGREED:

Signature: _/s/ Stephen Kramer______________________

Date: EXHIBIT A

RELEASE OF CLAIMS

FOR AND IN CONSIDERATION OF the benefits to be provided me in connection with the termination of my employment, as set forth in the agreement between me and Bright Horizons Family Solutions LLC (the "Company") dated as of January 20, 2014 (the "Agreement"), which are conditioned on my signing this Release of Claims and to which I am not otherwise entitled, I, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives and assigns, and all others connected with or claiming through me, hereby release and forever discharge the Company, its subsidiaries and other affiliates and all of their respective past, present and future officers, directors, trustees, shareholders, employees, employee benefit plans, agents, general and limited partners, members, managers, investors, joint venturers, representatives, successors and assigns, and all others connected with any of them, both individually and in their official capacities, from any and all causes of action, rights or claims of any type or description, known or unknown, which I have had in the past, now have, or might now have, through the date of my signing of this Release of Claims, in any way resulting from, arising out of or connected with my employment by the Company or any of its subsidiaries or other affiliates or the termination of that employment or pursuant to any federal, state or local law, regulation or other requirement (including without limitation Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the fair employment practices laws of the state or states in which I have been employed by the Company or any of its subsidiaries or other affiliates, each as amended from time to time).

Excluded from the scope of this Release of Claims is (i) any claim arising under the terms of the Agreement or pursuant to the terms of any outstanding equity award or related agreement in respect thereof after the effective date of this Release of Claims and (ii) any right of indemnification or contribution that I have pursuant to the Articles of Incorporation or By-Laws of the Company or any of its subsidiaries or other affiliates.

In signing this Release of Claims, I acknowledge my understanding that I may not sign it prior to the termination of my employment, but that I may consider the terms of this Release of Claims for up to twenty-one (21) days (or such longer period as the Company may specify) from the later of the date my employment with the Company terminates or the date I receive this Release of Claims. I also acknowledge that I am advised by the Company and its subsidiaries and other affiliates to seek the advice of an attorney prior to signing this Release of Claims; that I have had sufficient time to consider this Release of Claims and to consult with an attorney, if I wished to do so, or to consult with any other person of my choosing before signing; and that I am signing this Release of Claims voluntarily and with a full understanding of its terms.

I further acknowledge that, in signing this Release of Claims, I have not relied on any promises or representations, express or implied, that are not set forth expressly in the Agreement. I understand that I may revoke this Release of Claims at any time within seven (7) days of the date of my signing by written notice to the Chief Administrative Officer of the Company and that this Release of Claims will take effect only upon the expiration of such seven-day revocation period and only if I have not timely revoked it. Intending to be legally bound, I have signed this Release of Claims under seal as of the date written below.

Signature: ______/s/ Stephen Kramer_______________________
Name (please print): Stephen Kramer
Date Signed: January 21, 2014

Exhibit 10.27

BRIGHT HORIZONS FAMILY SOLUTIONS LLC
AMENDED & RESTATED SEVERANCE AGREEMENT

October 3, 2012

Danroy Henry
c/o Bright Horizons Family Solutions LLC
200 Talcott Avenue South
Watertown, Massachusetts 02472

Dear Danroy:

WHEREAS the Board of Managers (the "Board") of Bright Horizons Family Solutions LLC (the "Company") has determined that it is in the best interests of the Company and its sole member Bright Horizons Capital Corp., and Bright Horizons Family Solutions Inc. (f/k/a Bright Horizons Solutions Corp.) ("Parent") and its stockholders, for the Company to agree to provide benefits to those members of management, including yourself, who are responsible for the policy-making functions of the Company and the overall viability of the Company's business, in the event that you should leave the employ of the Company under the circumstances described below;

WHEREAS the Board recognizes that the possibility of a change of control of the Company or Parent is unsettling to such members of management, including yourself, and desires to make these arrangements at this time to help assure a continuing dedication by you and your fellow members of management to your duties to the Company and its sole member (and Parent and its stockholders), notwithstanding the occurrence hereafter of attempts to gain control of the Company and the resultant disruptive effects on the management of the Company's business;

WHEREAS the Board believes it important, should the Company receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own employment situation and in addition to your regular duties, to assess and advise the Board whether such proposals would be in the best interests of the Company and its sole member (and Parent and its stockholders) and to take such other action regarding such proposals as the Board might determine to be appropriate;

WHEREAS the Board also wishes to demonstrate to executives of the Company that the Company is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly;

WHEREAS the Board wishes to supersede and replace the agreement between you and Bright Horizons Family Solutions, Inc. (as predecessor to the Company) entitled "Amended &

Restated Severance Agreement" and dated May 28, 2008 (the "Prior Severance Agreement") with this Amended & Restated Severance Agreement (the "Agreement"); and

WHEREAS reference is made to the Agreement and Plan of Merger, dated as of January 14, 2008 (the "Merger Agreement"), among Bright Horizons Capital Corp. (f/k/a Swingset Holdings Corp.), a Delaware corporation, Bright Horizons Acquisition Corp. (f/k/a Swingset Acquisition Corp.), a Delaware corporation ("Merger Sub") and the Company (f/k/a Bright Horizons Family Solutions, Inc.), pursuant to which Merger Sub merged with and into the Company (the "Merger") pursuant to the Merger Agreement. Since the Merger, Parent has indirectly owned all of the outstanding stock of the Company.

NOW, THEREFORE, to assure the Company that it will have your continued dedication and the availability of your advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce you to remain in the employ of the Company, and in consideration of the stock options you were granted under the Bright Horizons Solutions Corp. 2008 Equity Incentive Plan following the Merger, your continued employment by the Company, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, you agree as follows:

1. Employee's Undertaking. You agree that, in the event that any Person begins a tender or exchange offer, circulates a proxy to the Company's member (or Parent's stockholders) or takes other steps to effect a Change of Control, you will not voluntarily leave the employ of the Company and will faithfully and diligently render the services contemplated in the recitals to this Agreement until such Person has abandoned or terminated his efforts to effect a Change of Control or until a Change of Control has occurred.

2. Severance Benefits. In the event that, within twenty-four (24) months after a Change of Control, your employment with the Company is terminated for any reason other than for Cause or death or disability or you terminate your employment for Good Reason, the Company will provide you the following severance pay and benefits, subject to your continued performance under this Agreement and to the further provisions of this Agreement:

2.1 Within thirty (30) days of such termination of employment, the Company will pay your annual base salary accrued through the date of such termination to the extent not theretofore paid and a prorated portion of any bonus payable for the fiscal year in which the date of termination occurs.

2.2 So long as you are not in breach of any provision of this Agreement, the Company will provide you severance pay following the termination of your employment (i) for a period equal to the number of months that you have been employed by the Company, not to exceed twenty four (24) months or (ii) until you secure other employment, whichever is less (the "Severance Payment Period"). Bi-weekly severance pay shall equal one fifty-second (1/52) of your total base salary and cash bonus compensation for the last two years of your employment; provided, however, that if you have been employed by the Company for less than two years, such bi-weekly severance pay shall equal the quotient of (i) the total base salary and cash bonus compensation paid to you during your employment with the Company divided by (ii) the total number of weeks that you have been employed by the Company, which for purposes hereof shall include the week of termination, multiplied by (iii) two (2). Severance payments shall be made in accordance with the Company's regular payroll practices and shall be reduced by taxes and all other legally-required deductions.

2.3 If you elect to continue your participation and that of your eligible dependents in the Company's group health plans in accordance with applicable federal law following termination of your employment, then, for a period of twenty-four (24) months from the date your employment terminates or until you become eligible for coverage under the group health plans of another employer, whichever is less, the Company will pay the premiums for such participation; provided, however that if your continued participation in the Company's group health plans is not possible under the terms of those plans, the Company shall instead arrange to provide you and your dependents substantially similar benefits upon comparable terms or pay you an amount equal to the full cash value thereof in cash. Your participation in all other employee benefits plans will cease on the date your employment terminates, in accordance with the terms of those plans.

2.4 Any obligation of the Company to you hereunder, including without limitation under Section 2 and Section 11 of this Agreement, other than for accrued but unpaid base salary or benefits, shall be conditioned on your execution of a general release of claims in the form attached to this Agreement as Exhibit A (the "Release of Claims") within twenty-one (21) days following the date your employment is terminated (or such longer period as the Company shall determine it is required by law to permit the you to consider the Release of Claims) and provided you do not revoke the Release of Claims thereafter.

3. Stock Options. Notwithstanding any provision of any stock option or comparable plan of the Company or option agreements thereunder, all options granted you under such plans and not then exercised, expired, surrendered or canceled shall vest immediately prior to a Change in Control, except in the event that such vesting would preclude the pooling method of accounting for the specific transaction that resulted in such Change in Control.

4. Competitive Activities and Other Claims.

4.1 You agree that, at any time during your employment and during the Severance Payment Period, you will not directly or indirectly, whether as owner, partner, investor, consultant, agent, employee or otherwise, compete with the business of the Company or any of its subsidiaries or affiliates or undertake any active planning for any business competitive with that of the Company or any of its subsidiaries or affiliates in any geographic area in which the Company does, or any of its subsidiaries or affiliates do, business or is formally planning at any time prior to the termination of your employment to do business, without the prior written consent of the Board, which consent may be withheld in the Board's sole discretion.

4.2 You agree that, during your employment and during the Severance Payment Period, you will not directly or indirectly (a) solicit or encourage any customer of the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its subsidiaries or affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its subsidiaries and affiliates; provided that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer of the Company or any of its subsidiaries or affiliates at any time within the immediately preceding two year period or whose business has been solicited on behalf of the Company or any of the subsidiaries or affiliates by any of their officers, employees or agents within said two year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its subsidiaries or affiliates or have been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its subsidiaries or affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.

4.3 You agree that, during your employment and during the Severance Payment Period, you will not, and will not assist anyone else to, (a) hire or assist in or solicit for hiring any employee of the Company or any of its subsidiaries or affiliates, or seek to persuade any

employee of the Company or any of its subsidiaries or affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its subsidiaries or affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an "employee" of the Company or any of its subsidiaries or affiliates is any person who was such at any time within the preceding two (2) years.

4.4 In the event of termination of your employment under the circumstances described herein, the arrangements provided for by this Agreement, by any stock option or other written agreement between you and Parent in effect at that time and by any applicable employee benefit plans of the Company in effect at that time (in each case as modified by this Agreement) will constitute the entire obligation of the Company and its subsidiaries and affiliates to you, and performance by the Company (or, in the case of any such stock option, Parent) will constitute full settlement of any claim that you might otherwise assert against the Company or any of its subsidiaries or affiliates on account of such termination.

5. Confidentiality. You acknowledge that the Company and its subsidiaries and affiliates continually develop Confidential Information, that you may develop Confidential Information for the Company or its subsidiaries and affiliates, and that you may learn of Confidential Information during the course of employment. You agree that all Confidential Information that you create or to which you have access as a result of your employment is and shall remain the sole and exclusive property of the Company, and that you will comply with the policies and procedures of the Company and its subsidiaries and affiliates for protecting Confidential Information. You further agree that, except as required for the proper performance of your duties for the Company or as required by applicable law (and then only to the extent so required), you will not, directly or indirectly, use for your own benefit or gain, or assist others in the application of or disclose any Confidential Information. You understand and agree that these restrictions will continue to apply after your employment terminates, regardless of the reason for termination and regardless of whether you are receiving or are entitled to receive any payments or other benefits under this Agreement.

6. Enforceability and Remedies.

6.1 You agree that the restrictions on, and other provisions relating to, your activities contained in this Agreement are fully reasonable and necessary to protect the goodwill, Confidential Information and other legitimate business interests of the Company. You also acknowledge and agree that, were you to breach the provisions of this Agreement, the harm to the Company would be irreparable. You therefore agree that in the event of such breach or threatened breach, the Company shall, in addition to any other remedies available to it, have the right to obtain preliminary and permanent injunctive relief against any such breach without having to post bond, and will additionally be entitled to an award of attorneys' fees incurred in connection with securing any of its rights under Sections 4 or 5 of this Agreement. You also agree that the period of restriction referenced in Sections 4.1, 4.2, and 4.3 hereof shall be tolled and shall not run during any period of time when you are in violation thereof. You further agree that, in addition to any other relief awarded to the Company as a result of your breach of any of the provisions of this Agreement, the Company shall be entitled to recover all payments made to you or on your behalf hereunder. It is agreed and understood that no claimed breach of this Agreement by the Company, and no claimed violation of law, shall excuse you from your performance obligations under Sections 4 and 5 hereof, nor shall changes in the nature, scope, or content of your employment, or in your compensation, excuse you from your performance of such obligations or require that this Agreement be re-signed.

6.2 You hereby agree that in the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too long a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

7. Definitions. Words or phrases which are initially capitalized or within quotation marks shall have the meanings provided in this Section 7 and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

7.1 "Act" means the Securities Exchange Act of 1934, as amended.

7.2 "Cause" means (i) the commission of fraud, embezzlement, theft or other material act of dishonesty in the performance of your duties for, or responsibilities to, the Company and (ii) willful, or repeated and negligent, failure to adequately perform your duties for, or responsibilities to, the Company after reasonable notice from the Board setting forth in reasonable detail the nature of such failure and you shall not have remedied such failure within ten (10) days of receiving such notice. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or based on the advice of counsel of the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interest of the Company.

7.3 "Change of Control" shall be deemed to take place if hereafter (i) any Person (other than any Person which is a holder of Parent common stock on the date hereof or any direct or indirect wholly-owned subsidiary of Parent) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act) of securities of (x) the Company representing more than 50% of the combined voting power of the Company's then-outstanding securities, or (y) Parent representing more than 50% of the combined voting power of Parent's then-outstanding securities (ii) the Company or Parent (or any wholly-owned subsidiary of Parent that is a direct or indirect parent company of the Company) is a party to a merger, consolidation sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board or the Board of Directors of Parent (the "Parent Board") in office immediately prior to such transaction or event constitute less than a majority of the Board or the Parent Board, as applicable, thereafter, or (iii) individuals who, at the date hereof, constitute the Board (the "Continuing Directors") or the Parent Board (the "Continuing Parent Directors") cease for any reason to constitute a majority thereof; provided, however, that any manager or director, as applicable, who is not in office at the date hereof but whose election by the Board or the Parent Board, as applicable, or whose nomination for election by the Company's member or Parent's stockholders, as applicable, was approved by a vote of at least two-thirds of the managers or directors, as applicable, then still in office who either were managers or directors, as applicable, at the date hereof or whose election or nomination for election was previously so approved shall be deemed to be a Continuing Director or Continuing Parent Director, as applicable, for purposes of this Agreement. Notwithstanding the foregoing provisions of this paragraph, a "Change of Control" will not be deemed to have occurred solely because of the acquisition of the securities of the

Company or Parent (or any reporting requirement under the Act relating thereto) by an employee benefit plan maintained by the Company or Parent for its employees.

7.4 "Code" means the Internal Revenue Code of 1986, as amended.

7.5 "Confidential Information" means any and all information of the Company, its subsidiaries and affiliates that is not generally known by others with whom they compete or do business, or with whom they plan to compete or do business and any and all information, publicly known in whole or in part or not, which, if disclosed by the Company or any of its subsidiaries or affiliates, would assist in competition against any of them. Confidential Information includes without limitation such information relating to (i) the financial performance and strategic plans of the Company, its subsidiaries and affiliates, (ii) the identity and special needs of their customers and the structure of any contractual relationship with such customers and (iii) the people and organizations with whom they have business relationships and the substance of those relationships. Confidential Information also includes any and all information that the Company or any of its subsidiaries or affiliates has received from others with any understanding that it would not be disclosed.

7.6 "Good Reason" means any material diminution in your base salary, bonus opportunity, position or nature or scope of responsibilities (other than by inadvertence) or any material reduction in your benefits that uniquely and disproportionately affects you, in each case occurring without your consent and as to which (x) you have provided written notice to the Board within thirty (30) days of the date on which you knew or reasonably should have known of such diminution or reduction, which notice shall set forth in reasonable detail the nature of such Good Reason, (y) the Company shall not have remedied such diminution or reduction within thirty (30) days of receiving such written notice, and (z) you shall have terminated your employment within ten (10) days after the Company's failure to remedy such diminution or reduction. Termination of employment for Good Reason, as provided herein, is intended to be an involuntary separation of service for purposes of Section 409A of the Code, and shall be construed accordingly.

7.7 "Person" means an individual, a corporation, an association, a partnership, an estate, a trust or other entity or organization (including a "group" as defined in Section 13(d)(3) or 14(d)(2) of the Act), other than the Company or any of its subsidiaries.

8. Assignment. Neither the Company nor you may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without your consent in the event that the Company shall hereafter effect a reorganization, or consolidate with, or merge into any Person or other entity or transfer all or substantially all of its property or assets to any Person. This Agreement shall inure to the benefit of and be binding upon the Company, its successors (including without limitation any transferee of all or substantially all of its assets) and permitted assigns and upon you, your executors, administrators, heirs and permitted assigns.

In the event of any merger, consolidation, or sale of assets as described above, nothing contained in this Agreement will detract from or otherwise limit your right to participate or privilege of participation in any stock option or purchase plan or any bonus, profit sharing, pension, group insurance, hospitalization, or other incentive or benefit plan or arrangement which may be or become applicable to executives of the corporation resulting from such merger or consolidation or the corporation acquiring such assets of the Company.

In the event of any merger, consolidation or sale of assets as described above, references to the Company in this Agreement shall, unless the context suggests otherwise, be deemed to include the entity resulting from such merger or consolidation or the acquirer of such assets of the Company.

All payments required to be made, or other benefits required to be provided, by the Company hereunder to you or your dependents, beneficiaries, or estate will be subject to the withholding of such amounts relating to tax and/or other payroll deductions as may be required by law.

9. Notices. Any and all notices, requests, demands, acceptances, appointments and other communications provided for by this Agreement shall be in writing (including telex, telecopy or similar tele-transmission) and shall be effective when actually delivered in person or, if mailed, five (5) days after having been deposited in the United States mail, postage prepaid, registered or certified and addressed to you at your last known address on the books of the Company, or in the case of the Company, addressed to its principal place of business, attention of Chief Executive Officer, or to such other address as either party may specify by notice to the other.

10. Miscellaneous. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of The Commonwealth of Massachusetts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together constitute one and the same instrument. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11. Payments Upon Termination or Resignation Without a Change in Control

11.1 Payments Upon Termination for Cause, Death, Disability or Voluntary Resignation. If (a) the Company at any time terminates your employment for Cause or (b) you voluntarily resign for any reason other than Good Reason, then in either case you shall be entitled to receive only your base salary and any other accrued benefits then due you on a pro rata basis to the date of termination plus reimbursement of properly reimbursable expenses through the date of termination. If you at any time die or become disabled ("disabled" being defined as your inability to perform your normal employment duties for a consecutive six (6) month period during the term of this Agreement because of either physical or mental incapacity), you shall be entitled to receive only your base salary and any other accrued benefits due you and any incentive bonus compensation on a pro rata basis and reimbursement of properly reimbursable expenses to the date of termination. "Pro rata" shall mean the product of your annual base salary and any incentive bonus compensation that would have been payable had your employment not terminated multiplied by a fraction the denominator of which is 365 and the numerator of which is the number of days during the calendar year that have passed through the date of the termination of your employment.

11.2 Payments Upon Termination Without Cause or Resignation for Good Reason. If the Company terminates your employment without Cause or you resign for Good Reason, then in either case you shall be entitled to receive bi-weekly severance payments for a period of one (1) year from the date of termination at your base salary level, with all benefits and taxes handled in the same manner as described in Section 2 above, plus any incentive bonus compensation and any other accrued benefits then due you on a pro rata basis through date of termination. Any payments or benefits provided under this Section 11 shall be in lieu of and not in addition to any payments or benefits provided under Section 2, and at no time will you be eligible for payments or benefits under both Section 2 and Section 11.

12. Section 409A. It is intended that (1) each installment of the payments provided under this Agreement is a separate "payment" for purposes of Section 409A of the Code and (2) that while the Company does not guarantee the tax treatment of deferred compensation payments, if any, made pursuant to this Agreement under Section 409A of the Code, this Agreement complies with Section 409A to the extent applicable and shall be interpreted and administered consistent therewith. Notwithstanding anything to the contrary in this Agreement, if the Company determines (i) that on the date your employment with the Company terminates or at such other time that the Company determines to be relevant, you are a "specified employee" (as such term is defined under Treasury Regulation 1.409A-I(i)(1)) of the Company and (ii) that any payments to be provided to you pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six (6) months after the date of your "separation from service" (as such term is defined under Treasury Regulation 1.409A-I(h)) with the Company. Any payments delayed pursuant to this Section 12 shall be made in a lump sum on the first day of the seventh month following your "separation from service" (as such term is defined under Treasury Regulation l.409A-I(h)), and any remaining payments required to be made under this Agreement will be paid upon the schedule otherwise applicable to such payments under the Agreement.

13. Acknowledgment. You acknowledge and agree that the consummation of the transactions contemplated by the Merger Agreement did not constitute a Change of Control for purposes of this Agreement, the Prior Severance Agreement or any similar prior agreements.

14. Prior Agreement Superseded. You acknowledge and agree that this Agreement supersedes and replaces the Prior Severance Agreement.

If you are in agreement with the foregoing, please so indicate by signing and returning to me the original of this Agreement, whereupon this Agreement shall constitute a binding agreement between you and the Company. The second copy is for your records.

[remainder of page intentionally left blank]

Very truly yours,

BRIGHT HORIZONS FAMILY SOLUTIONS LLC

_____/s/ Stephen Dreier_____________________

Name: Stephen Dreier
Title: Chief Administrative Officer

ACCEPTED AND AGREED:

Signature: _/s/ Danroy Henry_____________________
Date: November 1, 2012

[Signature Page]

EXHIBIT A

RELEASE OF CLAIMS

FOR AND IN CONSIDERATION OF the benefits to be provided me in connection with the termination of my employment, as set forth in the agreement between me and Bright Horizons Family Solutions LLC (the "Company") dated as of October 3, 2012 (the "Agreement"), which are conditioned on my signing this Release of Claims and to which I am not otherwise entitled, I, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives and assigns, and all others connected with or claiming through me, hereby release and forever discharge the Company, its subsidiaries and other affiliates and all of their respective past, present and future officers, directors, trustees, shareholders, employees, employee benefit plans, agents, general and limited partners, members, managers, investors, joint venturers, representatives, successors and assigns, and all others connected with any of them, both individually and in their official capacities, from any and all causes of action, rights or claims of any type or description, known or unknown, which I have had in the past, now have, or might now have, through the date of my signing of this Release of Claims, in any way resulting from, arising out of or connected with my employment by the Company or any of its subsidiaries or other affiliates or the termination of that employment or pursuant to any federal, state or local law, regulation or other requirement (including without limitation Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the fair employment practices laws of the state or states in which I have been employed by the Company or any of its subsidiaries or other affiliates, each as amended from time to time).

Excluded from the scope of this Release of Claims is (i) any claim arising under the terms of the Agreement or pursuant to the terms of any outstanding equity award or related agreement in respect thereof after the effective date of this Release of Claims and (ii) any right of indemnification or contribution that I have pursuant to the Articles of Incorporation or By-Laws of the Company or any of its subsidiaries or other affiliates.

In signing this Release of Claims, I acknowledge my understanding that I may not sign it prior to the termination of my employment, but that I may consider the terms of this Release of Claims for up to twenty-one (21) days (or such longer period as the Company may specify) from the later of the date my employment with the Company terminates or the date I receive this Release of Claims. I also acknowledge that I am advised by the Company and its subsidiaries and other affiliates to seek the advice of an attorney prior to signing this Release of Claims; that I have had sufficient time to consider this Release of Claims and to consult with an attorney, if I wished to do so, or to consult with any other person of my choosing before signing; and that I am signing this Release of Claims voluntarily and with a full understanding of its terms.

I further acknowledge that, in signing this Release of Claims, I have not relied on any promises or representations, express or implied, that are not set forth expressly in the Agreement. I understand that I may revoke this Release of Claims at any time within seven (7) days of the date of my signing by written notice to the Chief Administrative Officer of the Company and that this Release of Claims will take effect only upon the expiration of such seven-day revocation period

and only if I have not timely revoked it. Intending to be legally bound, I have signed this Release of Claims under seal as of the date written below.

Signature: ______ ________________________

Name (please print): _____________________________________

Date Signed: ____

Exhibit 10.28

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made and entered into as of this 20 day of January, 2014, by and between **Bright Horizons Family Solutions Inc.,** a Delaware corporation (the "Company"), and __________________ ("Indemnitee").

WHEREAS, in light of the litigation costs and risks to directors and executive officers resulting from their service to companies, and the desire of the Company to attract and retain qualified individuals to serve as directors and executive officers, it is reasonable, prudent and necessary for the Company to indemnify and advance expenses on behalf of its directors and executive officers to the extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern regarding such risks;

WHEREAS, the Company has requested that Indemnitee serve or continue to serve as a director and/or executive officer of the Company and may have requested or may in the future request that Indemnitee serve one or more Enterprises (as hereinafter defined) as a director, executive officer or in other capacities;

WHEREAS, Indemnitee is willing to serve as a director and/or executive officer of the Company on the condition that he or she be so indemnified; and

WHEREAS, Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by Indemnitee-Related Entities (as hereinafter defined), which Indemnitee, the Company and the Indemnitee-Related Entities intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement of and agreement to the foregoing being a material condition to Indemnitee's willingness to serve as a director and/or executive officer of the Company;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Services by Indemnitee. Indemnitee agrees to serve as a director and/or executive officer of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any contractual obligation under any other agreement or any obligation imposed by operation of law).

2. Indemnification - General. On the terms and subject to the conditions of this Agreement, the Company shall indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, liabilities, losses, costs, Expenses (as hereinafter defined) and other matters that may result from or arise in connection with Indemnitee's Corporate Status (as hereinafter defined) and shall advance Expenses to Indemnitee, to the fullest extent permitted by applicable law. The indemnification obligations of the Company under this Agreement (a) shall continue after such time as Indemnitee ceases to serve as a director or executive officer of the Company or in any other Corporate Status, and (b) include, without limitation, claims for monetary damages against Indemnitee in respect of any alleged breach of fiduciary duty, to the fullest extent permitted under applicable law

(including, if applicable, Section 145 of the Delaware General Corporation Law) as in existence on the date hereof and as amended from time to time.

3. Proceedings Other Than Proceedings by or in the Right of the Company. If by reason of Indemnitee's Corporate Status Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of any of the Company to procure a judgment in its favor, the Company shall indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

4. Proceedings by or in the Right of the Company. If by reason of Indemnitee's Corporate Status Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of any of the Company to procure a judgment in its favor, the Company shall indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Company; provided, however, that indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company only if (and only to the extent that) the Court of Chancery of the State of Delaware (the "Delaware Court") or the court in which such Proceeding shall have been brought or is pending shall determine that despite such adjudication of liability and in light of all circumstances such indemnification may be made.

5. Mandatory Indemnification in Case of Successful Defense. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in defense of any Proceeding (including, without limitation, any Proceeding brought by or in the right of the Company), the Company shall indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection therewith. If Indemnitee is not wholly successful in defense of such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with each claim, issue or matter resolved successfully on the merits or otherwise. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, on substantive or procedural grounds, shall be deemed to be a successful resolution as to such claim, issue or matter.

This provision is not intended to limit any other provision contained herein or any other rights to indemnification to which the Indemnitee may be entitled.

6. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement or otherwise to indemnification by the Company for some or a portion of the Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by Indemnitee or on behalf of Indemnitee in connection with a Proceeding or any claim, issue or matter therein, but not, however, for the total amount thereof, the Company shall indemnify Indemnitee for that portion thereof to which Indemnitee is entitled.

7. Indemnification for Additional Expenses Incurred to Secure Recovery or as Witness.

(a) The Company will indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, any and all Expenses and, if requested by Indemnitee, will (within twenty (20) calendar days of such request) advance such Expenses to Indemnitee, which are reasonably incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement, any other agreement, the Certificate of Incorporation or By-Laws of the Company as now or hereafter in effect; or (ii) recovery under any director and officer liability insurance policy maintained by any Enterprise to the fullest extent permitted by law.

(b) To the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, the Company will indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, and the Company will advance, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection therewith.

8. Advancement of Expenses.

(a) The Company shall advance all Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) reasonably incurred by or on behalf of Indemnitee in connection with the investigation, defense, settlement or appeal of any Proceeding within twenty (20) calendar days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such advances shall, in all events, be (i) unsecured and interest free; and (ii) made without regard to Indemnitee's ability to repay the advances.

(b) To obtain advancement of Expenses under this Agreement, Indemnitee shall submit to the Company a written request for advancement of Expenses and, to the extent required by applicable law, an unsecured written undertaking by or on

behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Upon submission of such request for advancement of Expenses and unsecured written undertaking, Indemnitee shall be entitled to advancement of Expenses as provided in this Section 8, and such advancement of Expenses shall continue until such time (if any) as there is a final judicial determination that Indemnitee is not entitled to indemnification.

9. Certain Agreements Related to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request for indemnification at such time as determined by Indemnitee in Indemnitee's sole discretion.

(b) At any time after submission by Indemnitee of a request for indemnification pursuant to Section 9(a) or request for advancement pursuant to Section 8(a), either the Company or Indemnitee may petition the Delaware Court for resolution of a refusal or failure by the Company to provide indemnification or advancement. The Company will pay any and all Expenses reasonably incurred in connection with the investigation and resolution of such claim for indemnification or advancement.

(c) Indemnitee shall have the sole right and obligation to control the defense or conduct of any claim or Proceeding with respect to Indemnitee with counsel chosen by such Indemnitee; provided, that Indemnitee will not compromise or settle any claim or Proceeding, release any claim, or make any admission of fact, law, liability or damages with respect to any losses for which indemnification is sought hereunder without the prior written consent of the Company, which consent shall not be unreasonably withheld. The Company will not, with respect to any person or entity, settle any claim or Proceeding, release any claim, or make any admission of fact, law or liability or damages, or assign, pledge or permit any subrogation with respect to the foregoing, or permit any Enterprise to do any of the foregoing, to the extent such settlement, release, admission, assignment, pledge or subrogation in any way adversely affects Indemnitee (including, but not limited to, the Indemnitee's rights under any liability insurance policy maintained by any Enterprise) or directly or indirectly imposes any expense, liability, damages, debt, obligation or judgment on Indemnitee.

(d) The parties intend and agree that, to the extent permitted by law, in connection with any determination with respect to entitlement to indemnification hereunder: (i) it will be presumed that Indemnitee is entitled to indemnification under this Agreement, and that the Enterprise or any other person or entity challenging such right will have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption; (ii) the termination of any action, suit or Proceeding by judgment, order, settlement, conviction, or upon a plea of *nobo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in

good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the applicable Enterprise, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful; (iii) Indemnitee will be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the applicable Enterprise, including financial statements, or on information supplied to Indemnitee by the officers, employees, or committees of the board of directors of the applicable Enterprise, or on the advice of legal counsel for the applicable Enterprise or on information or records given in reports made to the applicable Enterprise by an independent certified public accountant or by an appraiser or other expert or advisor selected by the applicable Enterprise; and (iv) the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of any of the Enterprises or relevant enterprises will not be imputed to Indemnitee in a manner that limits or otherwise adversely affects Indemnitee's rights hereunder. The provisions of this Section 9(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Indemnitee agrees to notify the Company promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder; provided, however, that any failure of Indemnitee to so notify the Company will not relieve the Company of any obligation which they may have to Indemnitee under this Agreement or otherwise. If at the time of receipt of any such request for indemnification or notice the Company has director and officer insurance policies in effect, the Company will promptly notify the relevant insurers in accordance with the procedures and requirements of such policies.

10. Other Rights of Recovery; Insurance; Subrogation, etc.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, under the Certificates of Incorporation or By-Laws of any Enterprise, or under any other agreement, vote of stockholders or resolution of directors of any Enterprise, or otherwise. Indemnitee's rights under this Agreement are present contractual rights that fully vest upon Indemnitee's first service as a director or officer of the Company. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the General Corporation Law of the State of Delaware (or other applicable law), whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificates of Incorporation or By-Laws of any Enterprise and this Agreement, it is the intent

of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that any of the Enterprises maintains an insurance policy or policies providing liability insurance for directors, officers, employees, fiduciaries, representatives, partners or agents of any Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, fiduciary, representative, partner or agent insured under such policy or policies.

(c) In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against any other Enterprise, and Indemnitee hereby agrees, as a condition to obtaining any advancement or indemnification from the Company, to assign all of Indemnitee's rights to obtain from such other Enterprise such amounts to the extent that they have been paid to or for the benefit of Indemnitee as advancement or indemnification under this Agreement and are adequate to indemnify Indemnitee with respect to the costs, Expenses or other items to the full extent that Indemnitee is entitled to indemnification or other payment hereunder; and Indemnitee will (upon request by the Company) execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit or enforce such rights.

(d) Given that certain Jointly Indemnifiable Claims may arise, the Company acknowledges and agrees that the Company shall be fully and primarily responsible for the payment to the Indemnitee in respect of indemnification or advancement of Expenses in connection with any such Jointly Indemnifiable Claim, whether Indemnitee's right to indemnification or advancement from the Company arises, pursuant to and in accordance with (as applicable) the terms of (i) the Delaware General Corporation Law, (ii) the Certificate of Incorporation or the By-Laws of the Company, (iii) this Agreement, (iv) any other agreement between either the Company or any other Enterprise and the Indemnitee pursuant to which the Indemnitee is indemnified, (v) the laws of the jurisdiction of incorporation or organization of any other Enterprise and/or (vi) the Certificate of Incorporation, certificate of organization, By-Laws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any other Enterprise ((i) through (vi) collectively, the "Indemnification Sources"), without regard to any right of recovery the Indemnitee may have from the Indemnitee-Related Entities or any right to insurance coverage that Indemnitee may have under any insurance policy issued to any Indemnitee-Related Entity. Under no circumstance shall the

Company or any other Enterprise be entitled to any right of subrogation, reimbursement, exoneration, indemnification or contribution from the Indemnitee-Related Entities (or any insurance carrier providing insurance coverage to Indemnitee under any insurance policy issued to an IndemniteeRelated Entity) pursuant to any right of indemnification Indemnitee has under a contract or otherwise between Indemnitee and any Indemnitee-Related Entities or any insurance coverage (and neither the Company nor any Enterprise shall have any right to participate in any claim or remedy of the Indemnitee in respect thereof), and no right of indemnification, reimbursement, advancement of Expenses or insurance coverage or any other right of recovery the Indemnitee may have from the Indemnitee-Related Entities (or from any insurance carrier providing insurance coverage to any Indemnitee-Related Entity) shall reduce or otherwise alter the rights of the Indemnitee or the obligations of the Company or any other Enterprise under the Indemnification Sources. The Company hereby unconditionally and irrevocably waives, relinquishes and releases, and covenants and agrees not to exercise (and to cause each of the other Enterprises not to exercise), any rights that it may now have or hereafter acquire against any Indemnitee-Related Entity or Indemnitee that arise from or relate to the existence, payment, performance or enforcement of the Company's obligations under this Agreement or under any other indemnification agreement (whether pursuant to contract, by-laws or charter), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Indemnitee against any Indemnitee-Related Entity or Indemnitee (or any insurance carrier providing insurance coverage to any Indemnitee-Related Entity), whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Indemnitee-Related Entity or Indemnitee (or any such insurance carrier), directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.

(e) The Company shall take any and all actions as may reasonably be requested by Indemnitee or any Indemnitee-Related Entity to cause director and officer liability insurance policies maintained by the Company, and those maintained by any other applicable Enterprise, to be paid and exhausted to cover any Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) that could be subject to indemnification hereunder without regard to any director and officer liability insurance policies that may be maintained by any Indemnitee-Related Entity or any of their affiliates (other than affiliates that are Enterprises). In the event that any of the Indemnitee-Related Entities shall make or cause to be made any payment to the Indemnitee in respect of indemnification or advancement of Expenses with respect to any Jointly Indemnifiable Claim, (i) the Company shall, and to the extent applicable shall cause the other Enterprises to reimburse, indemnify and hold harmless each Indemnitee-Related Entity making such payment to the extent of such payment promptly upon written

demand from such Indemnitee-Related Entity, (ii) to the extent not previously and fully reimbursed by the Company and/or any other Enterprise pursuant to clause (i), the Indemnitee-Related Entity making such payment shall be subrogated to the extent of the outstanding balance of such payment to all of the rights of recovery of the Indemnitee against the Company and/or any other Enterprise, as applicable, and (iii) Indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable the IndemniteeRelated Entities effectively to bring suit to enforce such rights.

(f) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee in respect of or relating to Indemnitee's service at the request of the Company as a director, officer, employee, fiduciary, representative, partner or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as payment of indemnification or advancement of Expenses from such other Enterprise, except to the extent that such indemnification payments and advance payment of Expenses when taken together with any such amount actually received from other Enterprises or under director and officer insurance policies maintained by one or more Enterprises are inadequate to fully pay all costs, Expenses or other items to the full extent that Indemnitee is entitled to indemnification or other payment hereunder.

11. Employment Rights; Successors; Third Party Beneficiaries.

(a) This Agreement shall not be deemed an employment contract between the Company and Indemnitee. This Agreement shall continue in force as provided above after Indemnitee has ceased to serve as a director and/or officer of the Company.

(b) This Agreement shall be binding upon each of the Company and their successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

(c) The Indemnitee-Related Entities are express third party beneficiaries of this Agreement, are entitled to rely upon this Agreement, and may specifically enforce the Company's obligations hereunder (including but not limited to the obligations specified in Section 10 of this Agreement).

12. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each

portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

13. Exception to Right of Indemnification or Advancement of Expenses. Except as provided in Section 7(a) of this Agreement or as may otherwise be agreed by the Company, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee (other than a Proceeding by Indemnitee by way of defense or to enforce the rights under this Agreement or under statute or other law including any rights under Section 145 of the Delaware General Corporation Law), unless the bringing of such Proceeding or making of such claim shall have been approved by the board of directors of the Company.

14. Definitions. For purposes of this Agreement:

(a) "By-Laws" means, with respect to any entity, (i) in the case of the Company, its by-laws, and (ii) in the case of any other entity, its by-laws or similar constituting document.

(b) "Certificate of Incorporation" means, with respect to any entity, (i) in the case of the Company, its certificate of incorporation, and (ii) in the case of any other entity, its certificate of incorporation, articles of incorporation or similar constituting document.

(c) "Corporate Status" describes the status of a person by reason of his or her service as a director or officer of any of the Company (including, without limitation, one who serves at the request of any of the Company as a director, officer, employee, fiduciary or agent of any Enterprise).

(d) "Enterprise" shall mean (i) the Company; or (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is a controlled affiliate or a wholly or partially owned direct or indirect subsidiary, or employee benefit plan, of the Company and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary, or in any similar capacity; or (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, in each case, of which Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary, or in any similar capacity at the request of the Company.

(e) "Expenses" shall mean all reasonable costs, fees and expenses and shall specifically include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend,

investigating, being or preparing to be a witness, in, or otherwise participating in, a Proceeding, including, but not limited to, the premium for appeal bonds, attachment bonds or similar bonds and all interest, assessments and other charges paid or payable in connection with or in respect of any such Expenses.

(f) "Indemnitee-Related Entities" means any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (other than the Company, any other Enterprise or the insurer under and pursuant to an insurance policy issued to or insuring the Company or any Enterprise) from whom the Indemnitee may be entitled to indemnification, reimbursement, or advancement.

(g) "Jointly Indemnifiable Claims" shall be broadly construed and shall include, without limitation, any Proceeding for which the Indemnitee shall be entitled to indemnification, reimbursement, advancement or insurance coverage from (i) either the Company and/or any other Enterprise pursuant to the Indemnification Sources, on the one hand, and (ii) any Indemnitee-Related Entity (or an insurance carrier providing insurance coverage to any Indemnitee-Related Entity) under any other agreement or arrangement between any Indemnitee-Related Entity and the Indemnitee (or insurance policy providing insurance coverage to any IndemniteeRelated Entity) pursuant to which the Indemnitee is indemnified or entitled to reimbursement, advancement or insurance coverage, the laws of the jurisdiction of incorporation or organization of any Indemnitee-Related Entity and/or the Certificate of Incorporation, certificate of organization, By-Laws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any IndemniteeRelated Entity, on the other hand.

(h) "Proceeding" includes any actual, threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative in nature, in which Indemnitee was, is, may be or will be involved as a party, witness or otherwise, by reason of Indemnitee's Corporate Status or by reason of any action taken by him or her or of any inaction on his part while acting as director or officer of any Enterprise (in each case whether or not he or she is acting or serving in any such capacity or has such status at the time any liability or expense is incurred for which indemnification or advancement of Expenses can be provided under this Agreement).

15. Construction. Whenever required by the context, as used in this Agreement the singular number shall include the plural, the plural shall include the singular, and all words herein in any gender shall be deemed to include (as appropriate) the masculine, feminine and neuter genders.

16. Reliance; Integration.

(a) The Company expressly confirm and agree that they have entered into this Agreement and assumed the obligations imposed on each of them hereby in order to induce Indemnitee to serve as a director and/or officer of the Company, and the Company acknowledge that Indemnitee is relying upon this Agreement in serving as a director and/or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

17. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

18. Notice Mechanics. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to:

(b) If to the Company, to:

Bright Horizons Family Solutions Inc. 200 Talcott Avenue South
Watertown, Massachusetts 02472

or to such other address as may have been furnished (in the manner prescribed above) as follows: (a) in the case of a change in address for notices to Indemnitee, furnished by Indemnitee to the Company and (b) in the case of a change in address for notices to the Company, furnished by the Company to Indemnitee.

19. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for reasonably incurred Expenses, in connection with any claim relating to a Proceeding under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such

Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its other directors, officers, employees
and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

20. Joint and Several Liability The Company shall cause each of the other Enterprises to perform the terms and obligations of this Agreement as though each such Enterprise was a party to this Agreement. To the extent that both the Company and one or more Enterprises are obligated to indemnify the Indemnitee, the Company shall be jointly and severally obligated with such Enterprise(s) to indemnify the Indemnitee pursuant to the terms of this Agreement.

21. Governing Law; Submission to Jurisdiction; Appointment of Agent for Service of Process. This Agreement and the legal relations among the parties shall, to the fullest extent permitted by law, be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflicts of law rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or otherwise inconvenient forum.

22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Company: BRIGHT HORIZONS FAMILY SOLUTIONS INC.

By:
Name: Stephen Dreier
Title: Chief Administrative Officer

Indemnitee:

Name:

Exhibit 10.29

BRIGHT HORIZONS FAMILY SOLUTIONS
NONQUALIFIED DEFERRED COMPENSATION PLAN

This document is drafted with the intent that it comply with Internal Revenue Code Section 409A and regulations promulgated thereunder.

BRIGHT HORIZONS FAMILY SOLUTIONS
NONQUALIFIED DEFERRED COMPENSATION PLAN

Bright Horizons Family Solutions Inc., a Delaware corporation, hereby adopts this Bright Horizons Family Solutions Nonqualified Deferred Compensation Plan (the "Plan") for the benefit of a select group of management or highly compensated employees. This Plan is an unfunded arrangement and is intended to be exempt from the participation, vesting, funding, and fiduciary requirements set forth in Title I of the Employee Retirement Income Security Act of 1974, as amended. It is intended to comply with Internal Revenue Code Section 409A.

Article 1 - Definitions

1.1 Account

The sum of all the bookkeeping sub-accounts as may be established for each Participant as provided in Section 5.1 hereof.

1.2 Administrative Committee

An administrative committee will be appointed by the Employer. The Administrative Committee shall serve as the agent for the Employer with respect to the Trust.

1.3 Annual Distributions

Annual distributions will be made on February 1st in the calendar year immediately succeeding each Plan Year in which a distribution is triggered for reasons other than death, Disability, or other forms of separation from service. Disability will be handled as described in section 6.5, death as described in section 6.6, and other forms of separation from service will result in a lump sum distribution as soon as administratively feasible.

1.4 Base Salary or Salary

The Eligible Compensation is equal to the base rate of cash compensation paid in the applicable Plan Year by the Company to or for the benefit of a Participant for services rendered or labor performed while a Participant, including such amounts that would be payable to a Participant but for contributions made on the Participant's behalf to any qualified plan maintained by the Company or to any cafeteria plan under Code section 125 maintained by the Company.

1.5 Beneficiary

Beneficiary means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to Article 7.

1.6 Board

The Board of Directors of the Employer.

1.7 Bonus

Compensation which is designated as such by the Employer and which relates to services performed during an incentive period by an Eligible Employee in addition to his or her Salary, including any pretax elective deferrals from said Bonus to any Employer sponsored plan that includes amounts deferred under a Deferral Agreement or any elective deferral as defined in Code Section 402(g)(3) or any amount contributed or deferred at the election of the Eligible Employee in

accordance with Code Section 125 or 132(f)(4) and which is paid or would have been paid in that Plan Year.

1.8 Change-in-Control

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, a “Change-in-Control” of the Employer (which, for purpose of this Section 1.8 shall mean Bright Horizons Family Solutions Inc.) shall mean the first to occur of any of the following:

(a) the date that any one person or persons acting as a group acquires ownership of Employer stock constituting more than fifty percent (50%) of the total fair market value or total voting power of the Employer;

(b) the date that any one person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of the stock of the Employer possessing thirty percent (30%) or more of the total voting power of the stock of the Employer;

(c) the date that any one person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Employer that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Employer immediately prior to such acquisition; or

(d) the date that a majority of members of the Employer’s Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or elections.

1.9 Code

The Internal Revenue Code of 1986, as amended.

1.10 Compensation

The Participant’s paid income, including Salary, Bonus, Performance-based Compensation, and other remuneration from the Employer as may be included by the Administrative Committee.

1.11 Deferrals

The portion of Compensation that a Participant elects to defer in accordance with Section 3.1 hereof.

1.12 Deferral Agreement

The separate agreement, submitted to the Administrative Committee, by which an Eligible Employee agrees to participate in the Plan and make Deferrals thereto. Such Deferral Agreement may also be known as an "Eligible Compensation Deferral Agreement".

1.13 Deferral Period.

The period of time after which payment of an Account is to be made or begin to be made as specified in Article 6. In the case of a Form of Payment that is substantially equal annual installments, the Deferral Period for each installment shall mean the period closing on the date that such installment payment is due under the terms of the Plan.

1.14 Disability

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, a Participant shall be considered to have incurred a Disability if: (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (ii) the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer; or (iii) determined to be totally disabled by the Social Security Administration.

1.15 Effective Date

September 1, 2014

1.16 Eligible Employee

An Employee shall be considered an Eligible Employee if such Employee is a member of a "select group of management or highly compensated employees," within the meaning of Sections 201, 301 and 401 of ERISA, and is designated as an Eligible Employee by the Administrative Committee. The Administrative Committee may at any time, in its sole discretion, change the eligible criteria for an Eligible Employee or determine that one or more Participants will cease to be an Eligible Employee. The designation of an Employee as an Eligible Employee in any year shall not confer upon such Employee any right to be designated as an Eligible Employee in any future Plan Year.

1.17 Employee

Any person employed by the Employer.

1.18 Employer

Bright Horizons Family Solutions Inc. and its subsidiaries and affiliates.

1.19 Employer Discretionary Contribution

A discretionary contribution made by the Employer that is credited to one or more Participant's Accounts in accordance with the terms of Section 3.7 hereof.

1.20 ERISA

The Employee Retirement Income Security Act of 1974, as amended.

1.21 Form of Payment

Form of Payment shall be as provided for in Article 6.

1.22 Hardship Withdrawal

The early payment of all or part of the balance in an account due to an Unforeseeable Emergency, as defined in Code section 409A(a)(2)(B)(ii), pursuant to Section 6.9.

1.23 Hypothetical Investment Benchmark

The phantom investment benchmarks which are used to measure the return credited to a Participant's Deferral Account pursuant to Section 5.2.

1.24 Matching Contribution

A contribution made by the Employer that is credited to one or more Participants' Accounts in accordance with the terms of Section 3.6 hereof.

1.25 Modification Agreement.

The form filed by a Participant to change the Deferral Period or the Form of Payment with respect to an Account under rules established by the Committee from time to time and pursuant to Section 6.7.

1.26 Participant

An Eligible Employee who is a Participant as provided in Article 2.

1.27 Performance-based Compensation

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, "Performance-based Compensation" shall mean compensation that (i) meets the definition of Code Section 409A(a)(4)(B)(iii) and related guidance and regulations, and (ii) is designated as such by the Employer and relates to services performed during a performance period of at least twelve months by an Eligible Employee, including any pretax elective deferrals from said Performance-based Compensation to any Employer sponsored plan that includes amounts deferred under a Deferral Agreement or any elective deferral as defined in Code Section 402(g)(3) or any amount contributed or deferred at the election of the Eligible Employee in accordance with Code Section 125 or 132(f)(4).

1.28 Plan Year

For the initial Plan Year, the Effective Date through December 31, 2014. For each year thereafter, January 1 through December 31.

1.29 Retirement

A Participant's (i) retirement other than by reason of Disability from service with the Company upon or after attaining age sixty-five (65) or (ii) earlier retirement other than by reason of Disability from service with the Company with the express consent of the Company at or before the time of such retirement, provided that the Participant has attained the age of fifty (50) and has been employed by the Company or its subsidiaries for at least fifteen (15) years at the time of such retirement. In addition to meeting the criteria outlined here, in order to be considered "Retired" an Employee must express their intention to retire to the Company.

1.30 Separation from Service

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, a Participant shall incur a Separation from Service with the Service Recipient due to death, retirement or other termination of employment with the Service Recipient unless the employment relationship is treated as continuing intact while the individual is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the individual retains a right to reemployment with the Service Recipient under an applicable statute or by contract. Upon a sale or other disposition of the assets of the Employer to an unrelated purchaser, the Administrative Committee reserves the right, to the extent permitted by Code section 409A to determine whether Participants providing services to the purchaser after and in connection with the purchase transaction have experienced a Separation from Service.

1.31 Service Recipient

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, Service Recipient shall mean the Employer or person for whom the services are performed and with respect to whom the legally binding right to compensation arises, and all persons with whom such person would be considered a single employer under Code Section 414(b) (employees of controlled group of corporations), and all persons with whom such person would be considered a single employer under Code Section 414(c) (employees of partnerships, proprietorships, etc., under common control).

1.32 Specified Employee

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, a "Specified Employee" shall mean a participant who is considered a key employee on the Identification Date, as defined in Code Section 416(i) without regard to section 416(i)(5) and such other requirements imposed under Code Section 409A(a)(2)(B)(i) and regulations thereunder for the period beginning April 1 of the year subsequent to the Identification Date and ending March 31 of the following year. The Identification Date for this Plan is December 31 of each year. Notwithstanding anything to the contrary, a Participant is not a Specified Employee unless any stock of the Service Recipient is publicly traded on an established securities market or otherwise.

1.33 Trust

The agreement between the Employer and the Trustee under which the assets of the Plan are held, administered and managed, which shall conform to the terms of Rev. Proc. 92-64.

1.34 Trustee

Initial person or entity, or such other successor that shall become trustee pursuant to the terms of the Plan.

1.35 Valuation Date

The last calendar date when the New York Stock Exchange was open, or such other date as the Administrative Committee in its sole discretion may determine.

1.36 Years of Service

A Participant's "Years of Service" shall be measured by employment during the calendar year resulting in 1000+ hours of work. During the initial year of employment the 1000+ hours must occur between the hire date and the end of that calendar year in order to receive credit for a year of service.

Article 2 -Participation

2.1 Commencement of Participation

Each Eligible Employee shall become a Participant at the earlier of the date on which his or her Deferral Agreement first becomes effective or the date on which an Employer Discretionary Contribution is first credited to his or her Account.

2.2 Loss of Eligible Employee Status

A Participant who is no longer an Eligible Employee shall not be permitted to submit a Deferral Agreement and all Deferrals for such Participant shall cease as of the end of the Plan Year in which such Participant is determined to no longer be an Eligible Employee. Amounts credited to the Account of a Participant who is no longer an Eligible Employee shall continue to be held pursuant to the terms of the Plan and shall be distributed as provided in Article 6.

Article 3 -Contributions

3.1 Deferral Elections - General

A Participant's Deferral Agreement for a Plan Year, or if applicable the Employer's fiscal year, is irrevocable for that applicable Plan Year or fiscal year; provided, however that a cessation of Deferrals shall be allowed if required by the terms of the Employer's qualified 401(k) plan in order for the Participant to obtain a hardship withdrawal from the 401(k) plan, or if required under Section 6.9 (Unforeseeable Emergency) of this Plan. Such amounts deferred under the Plan shall not be made available to such Participant, except as provided in Article 6, and shall reduce such Participant's Compensation from the Employer in accordance with the provisions of the applicable Deferral Agreement; provided, however, that all such amounts shall be subject to the rights of the general creditors of the Employer as provided in Article 8. The Deferral Agreement, in addition to the requirements set forth below, must designate: (i) the amount of Compensation to be deferred, (ii) the time of the distribution, and (iii) the form of the distribution.

3.2 Time of Election

A Deferral Agreement shall be void if it is not made in a timely manner as follows:

(a) A Deferral Agreement with respect to any Compensation must be submitted to the Administrative Committee before the beginning of the calendar year during which the amount to be deferred will be earned. As of December 31 of each calendar year, said Deferral Agreement is irrevocable for the calendar year. In addition, a Deferral Agreement shall remain in effect for subsequent calendar years until a new Deferral Agreement is submitted to the Administrative Committee prior to the beginning of a subsequent calendar year ("Evergreen Election"). For subsequent Plan Years in which the Evergreen Election is to be followed, Participant In-Service sub-accounts will be established to have a distribution date equal to one year plus the prior Plan Year's distribution date as of January 1 of the new Plan Year for such In-Service sub-account as provided for herein below.

(b) Notwithstanding the foregoing and in the discretion of the Employer, in a year in which an Employee is first eligible to participate, and provided that such Employee is not eligible to participate in any other similar account balance arrangement subject to Code Section 409A, such Deferral Agreement shall be submitted within thirty (30) days after the date on which an Employee is first eligible to participate, and such Deferral Agreement shall apply to Compensation to be earned during the remainder of the calendar year after such election is made.

(c) Notwithstanding the foregoing and in the discretion of the Employer, a Deferral Agreement with respect to any Performance-based Compensation may be submitted by the Eligible Employee or Participant provided that such Deferral Agreement is submitted at least six (6) months prior to the end of the performance period on which the Performance-based Compensation is based.

(d) Notwithstanding the foregoing and in the discretion of the Employer, a Deferral Agreement with respect to any fiscal-based Bonus may be submitted by the Eligible Employee or Participant provided that such Deferral Agreement is submitted prior to the beginning of the Employer's fiscal year for which the fiscal-based Bonus is earned.

3.3 Distribution Elections

At the time a Participant makes a Deferral Agreement, he or she must also elect the time and form of the distribution by establishing one or more In-Service Account(s) and/or Separation from Service Account(s) as provided in Sections 5.1 and 6.1. If the Participant fails to properly designate the time and form of a distribution, the Participant's Account shall be designated as an In-Service Account with distributions commencing in the minimal year and shall be paid in a lump sum.

3.4 Additional Requirements

The Deferral Agreement, subject to the limitations set forth in Sections 3.1 and 3.2 hereof, shall comply with the following additional requirements, or as otherwise required by the Administrative Committee in its sole discretion:

(a) Deferrals may be made in whole percentages with such limitations as determined by the Administrative Committee, including, but not limited to, contingent deferral election percentages.

(b) The maximum amount that may be deferred each Plan Year is fifty percent (50%) of the Participant's Salary (paid in that Plan Year), and one-hundred percent (100%) of the Participant's Bonus or Performance-based Compensation (paid in that Plan Year), net of applicable taxes.

(c) The distribution year for an In-Service Account must be at least three (3) Plan Years after the Plan Year in which such Deferral is credited to an In-Service subaccount.

3.5 Cancellation of Deferral Election due to Disability

Notwithstanding anything to the contrary, if a Participant incurs a disability as defined in this Section 3.5, said Participant may file an election to stop Deferrals as of the date the election is received and approved by the Administrative Committee. Disability for purposes of this Section 3.5 only means that a Participant incurs a medically determinable physical or mental impairment resulting in the Participant's inability to perform the duties of his or her position or any substantially similar position, where such impairment can be expected to result in death or can be expected to last for a continuous period of not less than six months, as determined by the Administrative Committee in its sole discretion.

3.6 Matching Contribution

The Employer shall also credit to the Account of each Participant who makes Deferrals a Matching Contribution in an amount equal to a percentage of the Deferrals contributed by the Participant, with such percentage determined annually by the Employer, in its sole discretion.
Such Matching Contribution shall be credited to a Separation from Service sub-account in the Participant's Account, with a lump sum distribution with vesting in accordance with Section 4.4. Additionally, the investment election for the Matching Contribution will be set up to follow that Plan Year's initial Base Salary investment election but may be independent of that same Base Salary investment election moving forward unless otherwise specified in the account management system. In the instance that there are no Base Salary elections, the investment election for the Matching Contribution will be set up to follow that Plan Year's initial Bonus Compensation investment election but may be independent of that same Bonus Compensation investment election moving forward unless otherwise specified in the account management system.

3.7 Employer Discretionary Contributions

The Employer reserves the right to make discretionary contributions to some or all Participants' Accounts in such amount and in such manner as may be determined by the Employer.
Such Employer Discretionary Contribution shall be credited to a Separation from Service sub-account in the Participant's Account, with a lump sum distribution with vesting in accordance with Section 4.4. Additionally, the investment election for the Employer Discretionary Contribution will be set up to follow that Plan Year's initial Base Salary investment election but will be independent of that same Base Salary investment election moving forward unless otherwise specified in the account management system. Additionally, in the event Participant fails to properly designate the investment election pursuant to Section 5.2 herein below, the Employer Discretionary Contribution deferral shall be deemed invested in the hypothetical investment with the least risk.

3.8 Crediting of Contributions

(a) Salary, Bonus and Performance-based Compensation Deferrals shall be credited to a Participant's Account, and if applicable transferred to the Trust, at such time as the Employer shall determine in their sole and absolute discretion.

(b) Matching Contributions shall be credited to a Participant's Account, and if applicable transferred to the Trust, at such time as the Employer shall determine in their sole and absolute discretion.

(c) Employer Discretionary Contributions, if any, shall be credited to a Participant's Account, and if applicable transferred to the Trust, at such time as the Employer shall determine in their sole and absolute discretion.

Article 4 -Vesting

4.1 Vesting of Deferrals

A Participant shall be one-hundred percent (100%) vested in his or her Account attributable to Deferrals and any earnings or losses on the investment of such Deferrals.

4.2 Vesting of Matching Contributions

A Participant shall have a vested right to the portion of his or her Account attributable to Matching Contribution(s) and any earnings or losses on the investment of such Matching Contribution(s) according to the following schedule: 6 year schedule, 0% first year, 20% each following year. Vesting is based on the calendar year and employees are given credit for any year in which they work 1000+ hours. Vesting date is based upon participant's hire date.

4.3 Vesting of Employer Discretionary Contributions

A Participant shall have a vested right to the portion of his or her Account attributable to Employer Discretionary Contribution(s) and any earnings or losses on the investment of such Employer Discretionary Contribution(s) according to the following schedule: 6 year schedule, 0% first year, 20% each following year. Vesting is based on the calendar year and employees are given credit for any year in which they work 1000+ hours. Vesting date is based upon participant's hire date.

4.4 Vesting due to Certain Events

(a) A Participant who incurs a Separation from Service and has attained the definition of Retirement (as indicated in Section 1.29) shall be fully vested in the amounts credited to his or her Account as of the date of the Separation from Service.

(b) A Participant who incurs a Disability while actively employed shall be fully vested in the amounts credited to his or her Account as of the date of Disability.

(c) Upon a Participant's death, the Participant shall be fully vested in the amounts credited to his or her Account if death occurs while actively employed.

(d) A Participant who incurs a Separation from Service within 2 years of a Change-in-Control, shall be fully vested in the amounts credited to their Accounts as of the date of the Separation from Service.

4.5 Amounts Not Vested

Any amounts credited to a Participant's Account that are not vested at the time of a distribution event shall be forfeited.

4.6 Forfeitures

At the discretion of the Employer, any forfeitures from a Participant's Account (i) shall continue to be held in the Trust, shall be separately invested, and shall be used to reduce succeeding Deferrals and any Employer Contributions, or (ii) shall be returned to the Employer as soon as administratively feasible.

Article 5 -Accounts

5.1 Accounts

The Administrative Committee shall establish and maintain a bookkeeping account in the name of each Participant. The Administrative Committee shall also establish sub-accounts as provided in subsection (a) and (b), below, as elected by the Participant pursuant to Article 3.

(a) A Participant may establish one or more Separation from Service Account(s) ("Separation from Service sub-accounts") by designating as such on the Participant's Deferral Agreement. Each Participant's Separation from Service sub-account shall be credited with Deferrals (as specified in the Participant's Deferral Agreement), any Matching Contributions allocable thereto, any Employer Discretionary Contributions and the Participant's allocable share of any earnings or losses on the foregoing. Each Participant's Separation from Service sub-account shall be reduced by any distributions made plus any federal and state tax withholding, and any social security withholding tax as may be required by law.

(b) A Participant may elect to establish one or more In-Service Account(s) ("In-Service sub-accounts") by designating as such in the Participant's Deferral Agreement the year in which payment shall be made. Each Participant's In-Service sub-account shall be credited with Deferrals (as specified in the Participant's Deferral Agreement), any Matching Contributions allocable thereto, any Employer Discretionary Contributions and the Participant's allocable share of any earnings or losses on the foregoing. Each Participant's In-Service sub-account shall be reduced by any distributions made plus any federal and state tax withholding and any social security withholding tax as may be required by law.

5.2 Investments, Gains and Losses

(a) A Participant may direct that his or her Separation from Service sub-accounts and or In-Service sub-accounts established pursuant to Section 5.1 may be valued as if they were invested in one or more Investment Funds as selected by the Employer in multiples of one percent (1%). If the Participant fails to properly designate the investment election, the deferral shall be deemed invested in the hypothetical investment with the least risk. The Employer may from time to time, at the discretion of the Administrative Committee, change the Investment Funds for purposes of this Plan.

(b) The Administrative Committee shall adjust the amounts credited to each Participant's Account to reflect Deferrals, Matching Contributions, any Employer Discretionary Contributions, investment experience, distributions and any other appropriate adjustments. Such adjustments shall be made as frequently as is administratively feasible.

(c) A Participant may change his or her selection of Investment Funds with respect to his or her Account or sub-accounts by filing a new election in accordance with procedures established by the Administrative Committee. An election shall be effective as soon as administratively feasible following the date the change is submitted on a form prescribed by the Administrative Committee.

(d) Notwithstanding the Participant's ability to designate the Investment Fund in which his or her deferred Compensation shall be deemed invested, the Employer shall have no obligation to invest any funds in accordance with the Participant's election. Participants' Accounts shall merely be bookkeeping entries on the Employer's books, and no Participant shall obtain any property right or interest in any Investment Fund.

Article 6 -Distributions

6.1 Distribution Election

Each Participant shall designate in his or her Deferral Agreement the form and timing of his or her distribution by indicating the type of sub-account as described under Section 5.1, and by designating the form in which payments shall be made from the choices available under Section 6.2 and 6.3 hereof. Notwithstanding anything to the contrary contained herein provided, no acceleration of the time or schedule of payments under the Plan shall occur except as permitted under both this Plan and Code Section 409A.

6.2 Distributions Upon an In-Service Account Triggering Date

In-Service sub-account distributions shall begin no later than ninety (90) days following the February 1st of the calendar year designated by the Participant on a properly submitted Deferral Agreement, and are payable in either a lump-sum payment or substantially equal annual installments, as described in Section 6.4 below, over a period of up to ten (10) years as elected by the Participant in his or her Deferral Agreement. If the Participant fails to properly designate the form of the distribution, the sub-account shall be paid in a lump-sum payment.

6.3 Distributions Upon Separation from Service

If the Participant has a Separation from Service and has attained the definition of Retirement (as indicated in Section 1.29), the Participant's Separation from Service sub-account(s) shall be distributed no later than ninety (90) days following the February 1st immediately following the Participant's Separation from Service, subject to Section 6.10 (Distributions to Specified Employees). Distribution shall be made either in a lump-sum payment or in substantially equal annual installments, as defined in Section 6.4 below, over a period of up to ten (10) years as elected by the Participant. If the Participant fails to properly designate the form of the distribution, the sub-account shall be paid in a lump-sum payment.

However, if the Participant has a Separation from Service prior to attaining Retirement (as indicated in Section 1.29), the Participant's Separation from Service sub-accounts shall be paid in a Lump Sum as soon as administratively feasible but not later than ninety (90) days following the Participant's Separation from Service, subject to Section 6.10 (Distributions to Specified Employees).

If a Participant has any In-Service sub-accounts that are not yet in payment at the time of his or her Separation from Service, said sub-accounts shall be paid in a Lump Sum as soon as administratively feasible but not later than ninety (90) days following the Participant's Separation from Service, subject to Section 6.10 (Distributions to Specified Employees). If the Participant has any In-Service sub-accounts that have already begun their distributions, they will continue to be paid in the manner elected.

6.4 Substantially Equal Annual Installments

(a) The amount of the substantially equal payments shall be determined by multiplying the Participant's Account or sub-account by a fraction, the denominator of which in the first year of payment equals the number of years over which benefits are to be paid, and the numerator of which is one (1). The amounts of the payments for each succeeding year shall be based on the current Participant Account or sub-account value which has been adjusted by the earnings or losses incurred over the prior calendar year. The new annual installment amount is then determined by multiplying the Participant's Account or sub-account as of the applicable anniversary of the payout by a fraction, the denominator of which equals the number of remaining years over which benefits are to be paid, and the numerator of which is one (1). Installment payments made pursuant to this Section 6.4 shall be made as soon as administratively feasible but no later than ninety (90) days following the anniversary of the initial distribution.

(b) For purposes of the Plan pursuant to Code Section 409A and regulations thereunder, a series of annual installments from a particular subaccount shall be considered a single payment.

6.5 Distributions due to Disability

Upon a Participant's Disability, all amounts credited to his or her Account shall be paid to the Participant in a lump sum no later than ninety (90) days following the Participant's date of Disability.

6.6 Distributions upon Death

Upon the death of a Participant, all amounts credited to his or her Account shall be paid, no later than ninety (90) days following the Participant's death, to his or her beneficiary or beneficiaries, as determined under Article 7 hereof, in a lump sum.

6.7 Changes to Distribution Elections

A Participant will be permitted to elect to change the form or timing of the distribution of the balance of his or her one or more In-Service sub-accounts within his or her Account to the extent permitted and in accordance with the requirements of Code Section 409A(a)(4)(C), including the requirement that (i) a re-deferral election may not take effect until at least twelve (12) months after such election is filed with the Employer, (ii) an election to further defer a distribution (other than a distribution upon death, Disability or an unforeseeable emergency) must result in the first distribution subject to the election being made at least five (5) years after the previously elected date of distribution, and (iii) any re-deferral election affecting a distribution at a fixed date must be filed with the Employer at least twelve (12) months before the first scheduled payment under the previous fixed date distribution election. Once a sub-account begins distribution, no such changes to distributions shall be permitted.

6.8 Acceleration or Delay in Payments

To the extent permitted by Code Section 409A, and notwithstanding any provision of the Plan to the contrary, the Administrative Committee, in its sole discretion, may elect to (i) accelerate the time or form of payment of a benefit owed to a Participant hereunder in accordance with the terms and subject to the conditions of Treasury Regulations Section 1.409A-3(j)(4), or (ii) delay the time of payment of a benefit owed to a Participant hereunder in accordance with the terms and subject to the conditions of Treasury Regulations Section 1.409A-2(b)(7). By way of example, and at the sole discretion of the Administrative Committee, if a Participant's entire Account balance is less than the applicable Code Section 402(g) annual limit, the Employer may distribute the Participant's Account in a lump sum provided that the distribution results in the termination of the participant's entire interest in the Plan, subject to the plan aggregation rules of Code Section 409A and regulations thereunder. By way of example, the Administrative Committee may permit such acceleration of the time or schedule of a payment under the arrangement to an individual other than a Participant as may be necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)).

6.9 Unforeseeable Emergency

The Administrative Committee may permit an early distribution of part or all of any deferred amounts; provided, however, that such distribution shall be made only if the Administrative Committee, in its sole discretion, determines that the Participant, or the Participant's beneficiary, has experienced an Unforeseeable Emergency. An Unforeseeable Emergency is defined as a severe financial hardship resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or a dependent (as defined in Code Section 152(a)) of the Participant, loss of the Participant's property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. If an Unforeseeable Emergency is determined to exist, a distribution may not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Upon a distribution to a Participant under this Section 6.9, the Participant's Deferrals shall cease and no further Deferrals shall be made for such Participant for the remainder of the Plan Year and one (1) subsequent Plan Year.

6.10 Distributions to Specified Employee

Notwithstanding anything herein to the contrary, if any Participant is a Specified Employee upon a Separation from Service for any reason other than death, distributions to such Participant shall not commence until the first day of the seventh month following the date of Separation from Service (or, if earlier, the date of death of the Participant). If distributions are to be made in annual installments, the second installment and all those thereafter will be made on the applicable Annual Distribution Date after the anniversary of the Participant's Separation from Service.

6.11 Domestic Relations Orders

The Administrative Committee may permit such acceleration of the time or schedule of a payment under the arrangement to an individual other than a Participant as may be necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)).

6.12 Minimum Distribution

Notwithstanding any provision to the contrary, if the balance of a Participant's Account or sub-account at the time of a distribution event is equal to or less than Article referenced by the

Internal Revenue Code, Section 402(g)(1)(B), then the Participant shall be paid his or her Account or sub-account as a single lump sum.

6.13 Form of Payment

All distributions shall be made in the form of cash.

6.14 Distributions Upon a Change-in-Control

Notwithstanding any distribution election to the contrary, if a Change-in-Control occurs and a Participant incurs a Separation from Service during the period beginning on the date of the Change-in-Control and ending on the second anniversary of the Change-in-Control, then the remaining amount of the Participant's vested Account shall be paid to the Participant or his or her beneficiary in a single lump-sum payment as soon as administratively possible, subject to Section 6.10 hereinabove. However, if the Participant has a Separation from Service during this period and has attained the definition of Retirement (as indicated in Section 1.29), the Participant's account shall be distributed no later than ninety (90) days following the February 1st immediately following the Participant's Separation from Service, subject to Section 6.10 (Distributions to Specified Employees). Distribution shall be made either in a lump-sum payment or in substantially equal annual installments, as defined in Section 6.4, over a period of up to ten (10) years as elected by the Participant.

Article 7 -Beneficiaries

7.1 Beneficiaries

Each Participant may from time to time designate one or more persons (who may be any one or more members of such person's family or other persons, administrators, trusts, foundations or other entities) as his or her beneficiary under the Plan. Such designation shall be made in a form prescribed by the Administrative Committee. If you are married, your spouse generally is treated as your beneficiary, unless you and your spouse properly designate an alternative beneficiary to receive your benefits under the Plan. Each Participant may at any time and from time to time, change any previous beneficiary designation, by amending his or her previous designation in a form prescribed by the Administrative Committee. If more than one person is the beneficiary of a deceased Participant, each such person shall receive a pro rata share of any death benefit payable unless otherwise designated in the applicable form. If a beneficiary who is receiving benefits dies, all benefits that were payable to such beneficiary shall then be payable to the estate of that beneficiary. If you do not designate a beneficiary to receive your benefits upon death, your benefits will be distributed first to your spouse. If you have no spouse at the time of death, your benefits will be distributed equally to your children. If you have no children at the time of your death, your benefits will be distributed to your estate. For this purpose, any designation of your spouse as designated beneficiary is automatically revoked upon a formal divorce decree unless you re-execute a new beneficiary designation form or enter into a valid qualified domestic relations order (QDRO).

7.2 Lost Beneficiary

All Participants and beneficiaries shall have the obligation to keep the Administrative Committee informed of their current address until such time as all benefits due have been paid. If a Participant or beneficiary cannot be located by the Administrative Committee exercising due diligence, then, in its sole discretion, the Administrative Committee may presume that the Participant or beneficiary is deceased for purposes of the Plan and all unpaid amounts (net of due diligence expenses) owed to the Participant or beneficiary shall be paid accordingly or, if a beneficiary cannot be so located, then such amounts may be forfeited. Any such presumption of death shall be final, conclusive and binding on all parties.

Article 8 -Funding

8.1 Prohibition Against Funding

Should any investment be acquired in connection with the liabilities assumed under this Plan, it is expressly understood and agreed that the Participants and beneficiaries shall not have any right with respect to, or claim against, such assets nor shall any such purchase be construed to create a trust of any kind or a fiduciary relationship between the Employer and the Participants, their beneficiaries or any other person. Any such assets shall be and remain a part of the general, unpledged, unrestricted assets of the Employer, subject to the claims of its general creditors. It is the express intention of the parties hereto that this arrangement shall be unfunded for tax purposes and for purposes of Title I of the ERISA. Each Participant and beneficiary shall be required to look to the provisions of this Plan and to the Employer itself for enforcement of any and all benefits due under this Plan, and to the extent any such person acquires a right to receive payment under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer. The Employer or the Trust shall be designated the owner and beneficiary of any investment acquired in connection with its obligation under this Plan.

8.2 Deposits in Trust

Notwithstanding Section 8.1, or any other provision of this Plan to the contrary, the Employer may deposit into the Trust any amounts it deems appropriate to pay the benefits under this Plan. The amounts so deposited may include all contributions made pursuant to a Deferral Agreement by a Participant, all Matching Contributions and any Employer Discretionary Contributions.

8.3 Withholding of Employee Contributions

The Administrative Committee is authorized to make any and all necessary arrangements with the Employer in order to withhold the Participant’s Deferrals under Section 3.1 hereof from his or her Compensation. The Administrative Committee shall determine the amount and timing of such withholding.

Article 9 -Claims Administration

9.1 General

If a Participant, beneficiary or his or her representative is denied all or a portion of an expected Plan benefit for any reason and the Participant, beneficiary or his or her representative desires to dispute the decision of the Administrative Committee, he or she must file a written notification of his or her claim with the Administrative Committee.

9.2 Claims Procedure

Upon receipt of any written claim for benefits, the Administrative Committee shall be notified and shall give due consideration to the claim presented. If any Participant or beneficiary claims to be entitled to benefits under the Plan and the Administrative Committee determines that the claim should be denied in whole or in part, the Administrative Committee shall, in writing, notify such claimant within ninety (90) days (forty-five (45) days if the claim is on account of Disability) of receipt of the claim that the claim has been denied. The Administrative Committee may extend the period of time for making a determination with respect to any claim for a period of up to ninety (90) days (thirty (30) days if claim is on account of Disability), provided that the Administrative Committee determines that such an extension is necessary because of special circumstances and notifies the claimant, prior to the expiration of the initial ninety (90) day (or forty-five (45) day) period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If the claim is denied to any extent by the Administrative Committee, the Administrative Committee shall furnish the claimant with a written notice setting forth:

(a) the specific reason or reasons for denial of the claim;

(b) a specific reference to the Plan provisions on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the provisions of this Article.

Under no circumstances shall any failure by the Administrative Committee to comply with the provisions of this Section 9.2 be considered to constitute an allowance of the claimant's claim.

9.3 Right of Appeal

A claimant who has a claim denied wholly or partially under Section 9.2 may appeal to the Administrative Committee for reconsideration of that claim. A request for reconsideration under this Section must be filed by written notice within sixty (60) days (one-hundred and eighty (180) days if the claim is on account of Disability) after receipt by the claimant of the notice of denial under Section 9.2.

9.4 Review of Appeal

Upon receipt of an appeal the Administrative Committee shall promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Administrative Committee feels such a hearing is necessary. In preparing for this appeal the claimant shall be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal the Administrative Committee shall issue a written decision which shall be binding on all parties. The decision shall specifically state its reasons and pertinent Plan provisions on which it relies. The Administrative Committee's decision shall be issued within sixty (60) days (forty-five (45) days if the claim is on account of Disability) after the appeal is filed, except that the Administrative Committee may extend the period of time for making a determination with respect to any claim for a period of up one-hundred and twenty (120) days (ninety (90) days if the claim is on account of Disability), provided that the Administrative Committee determines that such an extension is necessary because of special circumstances and notifies the claimant, prior to the expiration of the initial one-hundred and twenty (120) day (or, if the claim is on account of Disability, initial ninety (90) day) period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. Under no circumstances shall any failure by the Administrative Committee to comply with the provisions of this Section 9.4 be considered to constitute an allowance of the claimant's claim.

In the case of a claim on account of Disability: (i) the review of the denied claim shall be conducted by an employee who is neither the individual who made the initial determination or a subordinate of such person; and (ii) no deference shall be given to the initial determination. For issues involving medical judgment, the employee must consult with an independent health care professional who may not be the health care professional who rendered the initial claim.

9.5 Designation

The Administrative Committee may designate any other person of its choosing to make any determination otherwise required under this Article. Any person so designated shall have the same authority and discretion granted to the Administrative Committee hereunder.

Article 10 -General Provisions

10.1 Administrative Committee

(a) The Administrative Committee is expressly empowered to limit the amount of Compensation that may be deferred; to deposit amounts into the Trust in accordance with Section 8.2 hereof; to interpret the Plan, and to determine all questions arising in the administration, interpretation and application of the Plan; to employ actuaries, accountants, counsel, and other persons it deems necessary in connection with the administration of the Plan; to request any information from the Employer it deems necessary to determine whether the Employer would be considered insolvent or subject to a proceeding in bankruptcy; and to take all other necessary and proper actions to fulfill its duties as the Administrative Committee.

(b) The Administrative Committee shall not be liable for any actions by it hereunder, unless due to its own negligence, willful misconduct or lack of good faith.

(c) The Administrative Committee shall be indemnified and saved harmless by the Employer from and against all personal liability to which it may be subject by reason of any act done or omitted to be done in its official capacity as Administrative Committee in good faith in the administration of the Plan and Trust, including all expenses reasonably incurred in its defense in the event the Employer fails to provide such defense upon the request of the Administrative Committee. The Administrative Committee is relieved of all responsibility in connection with its duties hereunder to the fullest extent permitted by law, short of breach of duty to the beneficiaries.

10.2 No Assignment

Benefits or payments under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's beneficiary, whether voluntary or involuntary, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish the same shall not be valid, nor shall any such benefit or payment be in any way liable for or subject to the debts, contracts, liabilities, engagement or torts of any Participant or beneficiary, or any other person entitled to such benefit or payment pursuant to the terms of this Plan, except to such extent as may be required by law. If any Participant or beneficiary or any other person entitled to a benefit or payment pursuant to the terms of this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish any benefit or payment under this Plan, in whole or in part, or if any attempt is made to subject any such benefit or payment, in whole or in part, to the debts, contracts, liabilities, engagements or torts of the Participant or beneficiary or any other person entitled to any such benefit or payment pursuant to the terms of this Plan, then such benefit or payment, in the discretion of the Administrative Committee, shall cease and terminate with respect to such Participant or beneficiary, or any other such person.

10.3 No Employment Rights

Participation in this Plan shall not be construed to confer upon any Participant the legal right to be retained in the employ of the Employer, or give a Participant or beneficiary, or any other person, any right to any payment whatsoever, except to the extent of the benefits provided for hereunder. Each Participant shall remain subject to discharge to the same extent as if this Plan had never been adopted.

10.4 Identity

If, at any time, any doubt exists as to the identity of any person entitled to any payment hereunder or the amount or time of such payment, the Administrative Committee shall be entitled to hold such sum until such identity or amount or time is determined or until an order of a court of competent jurisdiction is obtained. The Administrative Committee shall also be entitled to pay such sum into court in accordance with the appropriate rules of law. Any expenses incurred by the Employer, Administrative Committee, and Trust incident to such proceeding or litigation shall be charged against the Account of the affected Participant.

10.5 Other Benefits

The benefits of each Participant or beneficiary hereunder shall be in addition to any benefits paid or payable to or on account of the Participant or beneficiary under any other pension, disability, annuity or retirement plan or policy whatsoever.

10.6 Expenses

Expenses incurred in the administration of the Plan, whether incurred by the Employer or the Plan shall be paid by the Employer. Notwithstanding the immediately preceding sentence or anything to the contrary contained herein, the Administrative Committee shall provide for and allow the Employer to forward for payment all expenses, or any portion thereof as determined in the sole and absolute discretion of the Employer, associated with the administration of the Plan to the Participants. Distributions to and payment of such Plan related expenses by the Participants shall be done in a manner as determined by the Employer in their sole and absolute discretion. Participants shall evidence their acceptance of this Section 10.6 Expenses by virtue of their individual participation in this Plan.

10.7 Insolvency

Should the Employer be considered insolvent (as defined by the Trust), the Employer, through its Board and chief executive officer, shall give immediate written notice of such to the Administrative Committee of the Plan and the Trustee. Upon receipt of such notice, the Administrative Committee or Trustee shall cease to make any payments to Participants who were Employees of the Employer or their beneficiaries and shall hold any and all assets attributable to the Employer for the benefit of the general creditors of the Employer.

10.8 Amendment or Modification

The Employer may, at any time, in its sole discretion, amend or modify the Plan in whole or in part, except that no such amendment or modification shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and provided that such amendment or modification complies with Code Section 409A and related regulations thereunder.

10.9 Plan Suspension

The Employer further reserves the right to suspend the Plan in whole or in part, except that no such suspension shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and provided that the distribution of the vested Participant Accounts shall not be accelerated but shall be paid at such time and in such manner as determined under the terms of the Plan immediately prior to suspension as if the Plan had not been suspended.

10.10 Plan Termination

The Employer further reserves the right to terminate the Plan in whole or in part, in the following manner, except that no such termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and provided that such termination complies with Code Section 409A and related regulations thereunder:

(a) The Employer, in its sole discretion, may terminate the Plan and distribute all vested Participants' Accounts no earlier than twelve (12) calendar months from the date of the Plan termination and no later than twenty-four (24) calendar months from the date of the Plan termination, provided however that all other similar arrangements are also terminated by the Employer for any affected Participant and no other similar arrangements are adopted by the Employer for any affected Participant within a three (3) year period from the date of termination;

or

(b) The Employer may decide, in its sole discretion, to terminate the Plan in the event of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court, provided that the Participants vested Account balances are distributed to Participants and are included in the Participants' gross income in the latest of: (i) the calendar year in which the termination occurs; (ii) the calendar year in which the amounts deferred are no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which payment is administratively practicable.

10.11 Plan Termination due to a Change-in-Control

The Employer may decide, in its discretion, to terminate the Plan in the event of a Change-in-Control and distribute all vested Participants Account balances no earlier than thirty (30) days prior to the Change-in-Control and no later than twelve (12) months after the effective date of the Change-in-Control, provided however that the Employer terminates all other similar arrangements for any affected Participant.

10.12 Construction

All questions of interpretation, construction or application arising under or concerning the terms of this Plan shall be decided by the Administrative Committee, in its sole and final discretion, whose decision shall be final, binding and conclusive upon all persons.

10.13 Governing Law

This Plan shall be governed by, construed and administered in accordance with the applicable provisions of ERISA, Code Section 409A, and any other applicable federal law, provided, however, that to the extent not preempted by federal law this Plan shall be governed by, construed and administered under the laws of the State Commonwealth of Delaware, other than its laws respecting choice of law.

10.14 Severability

If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of this Plan and this Plan shall be construed and enforced as if such provision had not been included therein. If the inclusion of any Employee (or Employees) as a Participant under this Plan would cause the Plan to fail to comply with the requirements of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, or Code Section 409A, then the Plan shall be severed with respect to such Employee or Employees, who shall be considered to be participating in a separate arrangement.

10.15 Headings

The Article headings contained herein are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of this Plan nor in any way shall they affect this Plan or the construction of any provision thereof.

10.16 Terms

Capitalized terms shall have meanings as defined herein. Singular nouns shall be read as plural, masculine pronouns shall be read as feminine, and vice versa, as appropriate.

10.17 Right of Setoff

The Employer may, to the extent permitted by applicable law, deduct from and setoff against any amounts payable to a Participant from this Plan such amounts as may be owed by a Participant to the Employer, although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff; provided, however, that this setoff may occur only at the date on which the amount would otherwise be distributed to the Participant as required by Code Section 409A. By electing to participate in the Plan and deferring compensation hereunder, the Participant agrees to any deduction or setoff under this Section 10.17 which is allowed by law.

IN WITNESS WHEREOF, Bright Horizons Family Solutions Inc. has caused this instrument to be executed by its duly authorized officer, effective as of this _____ day of _____________, 2014.

Bright Horizons Family Solutions Inc.

By: /s/ Authorized Signer

Title:__

ATTEST:

By:/s/ Authorized Signer

Title:__

Exhibit 18.1

March 2, 2015

Bright Horizons Family Solutions Inc.
Watertown, Massachusetts

Dear Sirs/Madams:

We have audited the consolidated financial statements of Bright Horizons Family Solutions Inc. as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, included in your Annual Report on Form 10-K to the Securities and Exchange Commission and have issued our report thereon dated March 2, 2015, which expresses an unqualified opinion. Note 1 to such consolidated financial statements contains a description of your adoption during the year ended December 31, 2014 of an October 1 annual goodwill impairment test date. In our judgment, such change is to an alternative accounting principle that is preferable under the circumstances.

Yours truly,

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts

Exhibit 21.1

Bright Horizons Family Solutions Inc. and Subsidiaries

Entity	Jurisdiction of Organization
Bright Horizons Family Solutions Inc.	Delaware
Bright Horizons Capital Corp.	Delaware
Bright Horizons Family Solutions LLC	Delaware
CorporateFamily Solutions LLC	Tennessee
Bright Horizons LLC	Delaware
Bright Horizons Children's Centers LLC	Delaware
ChildrenFirst LLC	Massachusetts
Work Options Group, Inc.	Colorado
Resources in Active Learning	California
Lipton Corporate Child Care Centers, Inc.	Delaware
Lipton Corporate Child Care Centers (Morris County), Inc.	Delaware
Lipton Corporate Child Care Centers (Oakwood at the Windsor), Inc.	Pennsylvania
JLJ Learning Systems, Inc.	Maryland
Edlink, LLC.	Delaware
Children's Choice Learning Centers, Inc.	Nevada
Summa Associates, Inc.	Arizona
Educational Care, Inc.	Arizona
Children's Choice SB Corporation	Nevada
CCLC Centers Texas Corporation I	Texas
CCLC Centers Texas Corporation II	Texas
CCLC Centers Texas Corporation III	Texas
CCLC Centers Texas Corporation V	Texas
CCLC Children's Choice Arizona Corporation I	Arizona
CCLC Children's Choice Arizona Corporation II	Arizona
Children's Choice Colorado Corporation I	Colorado
Children's Choice Florida Corporation I	Florida
Children's Choice Florida Corporation II	Florida
Children's Choice Illinois Corporation I	Illinois
Children's Choice Illinois Corporation II	Illinois
Children's Choice Indiana Corporation I	Indiana
Children's Choice Indiana Corporation II	Indiana
Children's Choice Kentucky Corporation I	Kentucky
Children's Choice Michigan Corporation I	Michigan
Children's Choice Mississippi Corporation I	Mississippi
Children's Choice Missouri Corporation I	Missouri
Children's Choice Missouri Corporation II	Missouri
Children's Choice Nebraska Corporation I	Nebraska
Children's Choice Nebraska Corporation II	Nebraska
Children's Choice Nevada Corporation I	Nevada
Children's Choice Nevada Corporation II	Nevada
Children's Choice Nevada Corporation III	Nevada
Children's Choice Nevada Corporation IV	Nevada
Children's Choice Nevada Corporation V	Nevada
Children's Choice North Carolina Corporation I	North Carolina
Children's Choice Oklahoma Corporation I	Oklahoma
Children's Choice Pennsylvania Corporation I	Pennsylvania

Entity	Jurisdiction of Organization
Children’s Choice South Carolina Corporation I	South Carolina
Children’s Choice Tennessee Corporation I	Tennessee
Children’s Choice Virginia Corporation I	Virginia
Children’s Choice Wisconsin Corporation I	Wisconsin
Sniffles and Snuggles Corporation	Nevada
Children’s Choice Nevada Property, L.L.C.	Nevada
BHFS One Limited	United Kingdom
BHFS Two Limited	United Kingdom
Bright Horizons Family Solutions, Ltd.	United Kingdom
Teddies Childcare Provision Limited	United Kingdom
Teddies Childcare Limited	United Kingdom
Teddies Nurseries Limited	United Kingdom
Teddies Sports Limited	United Kingdom
Bright Horizons Livingston, Ltd.	Scotland
Beehive Day Nurseries Limited	United Kingdom
Huntyard Ltd.	Jersey
Casterbridge Real Estate 2 Ltd.	United Kingdom
Casterbridge Care and Education Group Ltd.	United Kingdom
Casterbridge Nurseries Ltd.	United Kingdom
Springfield Lodge Day Nursery (Swanscombe) Ltd.	United Kingdom
Springfield Lodge Day Nursery (Dartford) Ltd.	United Kingdom
Tassel Road Children’s Day Nursery Ltd.	United Kingdom
Sam Bell Enterprises Ltd.	United Kingdom
Casterbridge Real Estate Ltd.	United Kingdom
Surculus Properties Ltd.	United Kingdom
Inglewood Day Nursery and College Ltd.	United Kingdom
Casterbridge Nurseries (HH) Ltd.	United Kingdom
Casterbridge Care and Education Ltd.	United Kingdom
Casterbridge Nurseries (Eton Manor) Ltd.	United Kingdom
Casterbridge Nurseries (Gaynes Park) Ltd.	United Kingdom
Dolphin Nurseries (Tooting) Ltd.	United Kingdom
Dolphin Nurseries (Kingston) Ltd.	United Kingdom
Dolphin Nurseries (Bracknell) Ltd.	United Kingdom
Dolphin Nurseries (Caterham) Ltd.	United Kingdom
Dolphin Nurseries (Northwick Park) Ltd.	United Kingdom
Dolphin Nurseries (Banstead) Ltd.	United Kingdom
Kidsunlimited Group Limited	United Kingdom
Kids Corporate Trustees	United Kingdom
Kids of Wilmslow Limited	United Kingdom
Clairmont House Limited	United Kingdom
Kids (Warrington and Luton) Limited	United Kingdom
Kids Properties Limited	United Kingdom
Kidsunlimited Limited	United Kingdom
Tadpole Nurseries Limited	United Kingdom
Nursery Education for Employment Development Limited	United Kingdom
Bright Horizons B.V.	Netherlands
Kindergarden Nederland B.V.	Netherlands
Bright Horizons Child Care Services Private Limited[1]	India

Entity	Jurisdiction of Organization
Bright Horizons Family Solutions Ltd.[2]	Canada
BHFS Three Limited	Ireland
Bright Horizons Family Solutions Ireland, Limited	Ireland
Allmont, Limited	Ireland
Bright Horizons Corp.	Puerto Rico

1 Bright Horizons B.V. owns 99.99% and BHFS Two Limited owns 0.01%.

2 Bright Horizons Family Solutions LLC owns 15% and ChildrenFirst LLC owns 85%.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-186193 and 333-193066 on Form S-8 and No. 333-194790 on Form S-3 of our reports dated March 2, 2015, relating to the consolidated financial statements of Bright Horizons Family Solutions Inc. and subsidiaries and the effectiveness of Bright Horizons Family Solutions Inc. and subsidiaries' internal control over financial reporting (which report expresses an adverse opinion on the effectiveness of Bright Horizons Family Solutions Inc. and subsidiaries' internal control over financial reporting because of a material weakness), appearing in this Annual Report on Form 10-K of Bright Horizons Family Solutions Inc. and subsidiaries for the year ended December 31, 2014.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 2, 2015

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14 and 15d-14
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Lissy, certify that:

1. I have reviewed this annual report on Form 10-K of Bright Horizons Family Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2015

/s/ David Lissy
David Lissy
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14 and 15d-14
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Elizabeth Boland, certify that:

1. I have reviewed this annual report on Form 10-K of Bright Horizons Family Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2015

/s/ Elizabeth Boland
Elizabeth Boland
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Bright Horizons Family Solutions Inc. (the “Company”) on Form 10-K for the period ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Lissy, as the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 2, 2015

/s/ David Lissy
David Lissy*
Chief Executive Officer

* A signed original of this written statement required by Section 906 has been provided to Bright Horizons Family Solutions Inc. and will be retained by Bright Horizons Family Solutions Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Bright Horizons Family Solutions, Inc. (the "Company") on Form 10-K for the period ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elizabeth Boland, as the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 2, 2015

/s/ Elizabeth Boland
Elizabeth Boland*
Chief Financial Officer

* A signed original of this written statement required by Section 906 has been provided to Bright Horizons Family Solutions Inc. and will be retained by Bright Horizons Family Solutions Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.