BRIGHT HORIZONS FAMILY SOLUTIONS INC
Form PRER14A
March 20, 2008

Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

þ Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

BRIGHT HORIZONS FAMILY SOLUTIONS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

þ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

Common stock, par value $.01 per share, of Bright Horizons Family Solutions, Inc. (the Bright Horizons Common Stock).

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

26,297,692 shares of Bright Horizons Common Stock; options to purchase 1,776,033 shares of Bright Horizons Common Stock; restricted share units with respect to 2,607 shares of Bright Horizons Common Stock.

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

The transaction value was determined based upon the sum of (a) $48.25 per share of 26,297,692 shares of Bright Horizons Common Stock, (b) $48.25 minus the weighted average exercise price of $22.39 per share of outstanding options to purchase 1,776,033 shares of Bright Horizons Common Stock, and (c) $48.25 per share with respect to 2,607 shares of Bright Horizons Common Stock issuable upon the conversion of restricted share units.

(4) Proposed maximum aggregate value of transaction:

$1,314,912,474.34

(5) Total fee paid:

$51,676.06

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

$51,669.64

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

Schedule 14A

(3) Filing Party:

Bright Horizons Family Solutions, Inc.

(4) Date Filed:

February 19, 2008

Table of Contents

200 Talcott Avenue South
Watertown, Massachusetts 02472

[ ], 2008

Dear Fellow Stockholder:

On January 14, 2008, Bright Horizons Family Solutions, Inc., a Delaware corporation (Bright Horizons or the Company), entered into an Agreement and Plan of Merger (the merger agreement) with Swingset Holdings Corp., a Delaware corporation (Parent), and Swingset Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub). Parent is currently owned by a private equity fund sponsored by Bain Capital Partners. Under the terms of the merger agreement, Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation (the merger). If the merger is completed, you will be entitled to receive $48.25 in cash for each share of Bright Horizons common stock that you own.

A special meeting of our stockholders will be held on **[ ]**, 2008, at **[ ]** a.m., local time, to vote on a proposal to adopt the merger agreement so that the merger can occur. The special meeting will be held at Bright Horizons executive offices located at 200 Talcott Avenue South, Watertown, Massachusetts 02472. Notice of the special meeting and the related proxy statement is enclosed.

The accompanying proxy statement gives you detailed information about the special meeting and the merger and includes the merger agreement as Annex A. The receipt of cash in exchange for shares of Bright Horizons common stock in the merger will constitute a taxable transaction to U.S. persons for U.S. federal income tax purposes. We encourage you to read the proxy statement and the merger agreement carefully.

Our board of directors has determined that the merger is advisable and that the terms of the merger are fair to and in the best interests of Bright Horizons and its stockholders (other than affiliates of Parent and certain executive officers, directors and other members of senior management of Bright Horizons who invest in equity securities of Parent or one of its affiliates in connection with the merger as further described in the accompanying proxy statement), and approved the merger agreement and the transactions contemplated thereby, including the merger. This recommendation is based, in part, upon the unanimous recommendation of the special committee of the board of directors consisting of three independent and disinterested directors.

Your vote is very important. We cannot complete the merger unless holders of a majority of all outstanding shares of Bright Horizons common stock entitled to vote on the matter vote to adopt the merger agreement. **Our board of directors recommends that you vote FOR the proposal to adopt the merger agreement. The failure of any stockholder to vote on the proposal to adopt the merger agreement will have the same effect as a vote against the adoption of the merger agreement.**

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy in the accompanying reply envelope, or submit your proxy by telephone or the Internet. Stockholders who attend the meeting may revoke their proxies and vote in person.

Our board of directors and management appreciate your continuing support of the Company, and we urge you to support this transaction.

Sincerely,

Marguerite W. Kondracke
Chair of the Special Committee

Linda A. Mason
Chair of the Board

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated **[ ]**, 2008, and is first being mailed to stockholders on or about **[ ]**, 2008.

Table of Contents

200 Talcott Avenue South
Watertown, Massachusetts 02472

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On [ ], 2008

Dear Stockholder:

PLEASE TAKE NOTICE that a special meeting of stockholders of Bright Horizons Family Solutions, Inc., a Delaware corporation (the Company), will be held on **[ ]**day, **[ ],** 2008, at **[ ]** a.m. local time, at the Company s executive offices located at 200 Talcott Avenue South, Watertown, Massachusetts, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger (the merger agreement), dated as of January 14, 2008, by and among the Company, Swingset Holdings Corp., a Delaware corporation (Parent), and Swingset Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub), as the merger agreement may be amended from time to time.

2. To approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

3. To act upon other business as may properly come before the special meeting and any and all adjourned or postponed sessions thereof.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON [ ], 2008.

The Company s Proxy Statement and form of proxy card are available at [ ].

The record date for the determination of stockholders entitled to notice of and to vote at the special meeting is **[ ]**, 2008. Accordingly, only stockholders of record as of that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement thereof. A list of our stockholders will be available at our principal executive offices at 200 Talcott Avenue South, Watertown, Massachusetts, during ordinary business hours for ten days prior to the special meeting.

We urge you to read the accompanying proxy statement carefully as it sets forth details of the proposed merger and other important information related to the merger.

Your vote is important, regardless of the number of shares of the Company s common stock you own. The adoption of the merger agreement requires the affirmative approval of the holders of a majority of the outstanding shares of the Company s common stock entitled to vote thereon. An adjournment proposal requires the affirmative vote of a majority of the shares of the Company s common stock present at the special meeting and entitled to vote thereon. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by telephone or the Internet, your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the adoption of the merger agreement, but will not affect the outcome of the vote regarding the adjournment proposal.

Please note that space limitations make it necessary to limit attendance at the special meeting to stockholders. Registration will begin at **[ ]** a.m. local time. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the special meeting. To obtain directions to attend the special meeting and

Table of Contents

vote in person, please contact Stephen I. Dreier, our Chief Administrative Officer and Secretary, at 200 Talcott Avenue South, Watertown, Massachusetts 02472, (617) 673-8000.

Stockholders of the Company who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares of Company common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all requirements of Delaware law, which are summarized in the accompanying proxy statement.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY IN THE ACCOMPANYING REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. STOCKHOLDERS WHO ATTEND THE MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON.

By Order of the Board of Directors,

Stephen I. Dreier
Chief Administrative Officer and Secretary

Watertown, Massachusetts
[ ], 2008

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

References to Bright Horizons, the Company, we, our or us in this proxy statement refer to Bright Horizons Fam Solutions, Inc., and its subsidiaries unless otherwise indicated by context.

SUMMARY TERM SHEET

This Summary Term Sheet, together with the Questions and Answers About the Special Meeting and the Merger, summarizes the material information in the proxy statement. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers you for a more complete understanding of the matters being considered at the special meeting. In addition, this proxy statement incorporates by reference important business and financial information about Bright Horizons. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in Where You Can Find More Information beginning on page 86.

The Merger and the Merger Agreement

The Parties to the Merger (see page 14). Bright Horizons Family Solutions, Inc., a Delaware corporation, is a leading provider of workplace services for employers and families. Swingset Holdings Corp., a Delaware corporation (Parent), was formed solely for the purpose of acquiring Bright Horizons. Parent has not engaged in any business except as contemplated by the merger agreement (as defined below). Swingset Acquisition Corp., a Delaware corporation and a direct wholly-owned subsidiary of Parent (Merger Sub), was formed solely for the purpose of completing the proposed merger (as defined below). Merger Sub has not engaged in any business except as contemplated by the merger agreement (as defined below). Parent is currently owned by Bain Capital Fund X, L.P., a Cayman Islands limited partnership (Bain), which is a private equity fund sponsored by Bain Capital Partners, LLC (Bain Capital).

The Merger. You are being asked to vote to adopt an agreement and plan of merger (the merger agreement) providing for the recapitalization of Bright Horizons by Parent. Pursuant to the merger agreement, Merger Sub will merge with and into Bright Horizons (the merger). Bright Horizons will be the surviving corporation in the merger (the surviving corporation) and will continue to do business as Bright Horizons following the merger. As a result of the merger, Bright Horizons will cease to be an independent, publicly traded company. See The Merger Agreement beginning on page 62.

Merger Consideration. If the merger is completed, you will be entitled to receive $48.25 in cash, without interest and less any applicable withholding taxes, for each share of Bright Horizons capital stock (consisting of common stock, par value $.01 per share (the Bright Horizons Common Stock)) that you own. See The Merger Agreement Merger Consideration beginning on page 62.

Treatment of Outstanding Options, Restricted Shares and Restricted Share Units. Upon consummation of the merger, except as otherwise agreed by a holder and Parent, all outstanding options to acquire Bright Horizons Common Stock will become fully vested and immediately exercisable. Each such option (other than, potentially, certain options held by certain Rollover Holders (as defined below under *Interests of the Company s Directors and Executive Officers in the Merger*)) not exercised prior to the merger will be cancelled and converted into the right to receive a cash payment equal to the number of shares of Bright Horizons Common Stock underlying the options multiplied by the amount by which $48.25 exceeds the applicable option exercise price, without interest and less any applicable withholding taxes. Upon consummation of the merger, except as otherwise agreed by the holder and Parent, all shares of restricted stock will vest, and those shares will be cancelled and converted into the right to receive a cash payment equal to the number of outstanding restricted shares multiplied by $48.25, without interest and less any applicable withholding taxes. Additionally, all restricted share units will be converted into shares of Bright Horizons

Common Stock immediately prior to the merger and such shares will be cashed out at $48.25 per share, without interest and less any applicable withholding taxes. Subject to Parent s agreement, which may be withheld in Parent s sole discretion, options to purchase Bright Horizons Common Stock held by certain of the Rollover Holders that are not exercised

Table of Contents

prior to consummation of the merger may be converted into options to acquire shares of common stock of the surviving corporation. In addition, subject to Parent s agreement, which may be withheld in Parent s sole discretion, certain of the Rollover Holders may elect to exchange certain unrestricted shares of Bright Horizons Common Stock for shares of common stock of the surviving corporation. See Special Factors Interests of the Company s Directors and Executive Officers in the Merger and The Merger Agreement Treatment of Options, Restricted Shares, Restricted Share Units and Other Awards beginning on pages 56 and 63, respectively.

Conditions to the Merger (see page 67). The consummation of the merger depends on the satisfaction or waiver of a number of conditions, including the following:

- the merger agreement must have been adopted by the affirmative vote of the holders of a majority of the outstanding shares of voting Bright Horizons Common Stock;
- no injunction, judgment, order or law which prohibits, restrains or renders illegal the consummation of the merger shall be in effect;
- the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act) and any additional approvals, authorizations, filings and notifications required under any other applicable antitrust, competition or trade regulation law, must have expired or been terminated;
- since the date of the merger agreement, no event, circumstance, change or effect shall have occurred or come to exist which has had or would be reasonably likely to have a material adverse effect (as defined in the merger agreement in the manner described in this proxy statement under the caption The Merger Agreement Conditions to the Merger beginning on page 67) on us and our subsidiaries;
- Bright Horizons and Parent s and Merger Sub s respective representations and warranties in the merger agreement must be true and correct as of the closing date in the manner described under the caption The Merger Agreement Conditions to the Merger beginning on page 67; and
- Bright Horizons and Parent and Merger Sub must have performed in all material respects all obligations that each is required to perform under the merger agreement.

Restrictions on Solicitations of Other Offers (see page 69).

The merger agreement provides that, until 12:01 a.m., New York City time, on March 15, 2008 (the go-shop period), we, under the direction of the special committee and with the active participation of its financial advisors, Goldman, Sachs & Co. (Goldman Sachs) and Evercore Group L.L.C. (Evercore), were permitted to initiate, solicit, facilitate and encourage an acquisition proposal for us (including by way of providing information), and enter into and maintain or continue discussions or negotiations concerning an acquisition proposal for us or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations. Prior to terminating the merger agreement or entering into an acquisition agreement with respect to any such proposal, the Company is required to comply with certain terms of the merger agreement described under The Merger Agreement Recommendation Withdrawal/Termination in Connection with a Superior Proposal, including, if required, paying a termination fee, see page 70.

The merger agreement provides that from and after the expiration of the go-shop period, we are generally not permitted to:

solicit, knowingly facilitate, knowingly encourage or initiate any inquiries or the implementation or submission of any acquisition proposal, or initiate or participate in any way in discussions or negotiations regarding, or furnish or disclose to any person any information in connection with, any acquisition proposal; or

withdraw or modify, in a manner adverse to Parent or Merger Sub, the recommendation of our board of directors in favor of the merger agreement and the merger, approve, enter into or

Table of Contents

recommend any acquisition proposal, or approve, enter into or recommend any letter of intent, acquisition agreement or similar agreement with respect to any acquisition proposal.

Notwithstanding these restrictions, under certain circumstances, our board of directors (acting through the special committee or otherwise) may respond to a bona fide unsolicited written proposal for an alternative acquisition or terminate the merger agreement and enter into an acquisition agreement with respect to a superior proposal, so long as the Company complies with certain terms of the merger agreement described under The Merger Agreement Recommendation Withdrawal/Termination in Connection with a Superior Proposal, including, if required, paying a termination fee, see page 70.

Termination of the Merger Agreement (see page 70). The merger agreement may be terminated:

By mutual written consent of Bright Horizons, on the one hand, and Parent, on the other hand.

By either Bright Horizons, on the one hand, or Parent, on the other hand, if:

there shall be any final and non-appealable injunction, order, decree, ruling or other action of a governmental authority that makes consummation of the merger illegal or otherwise prohibited;

the merger is not completed on or before June 30, 2008, provided that such right shall not be available to Bright Horizons before the close of business on July 14, 2008, if Parent or Merger Sub has initiated proceedings to seek specific enforcement of the merger agreement and such proceedings are still pending as of such date;

our stockholders do not adopt the merger agreement at the special meeting or any adjournment thereof; or

prior to our stockholders adoption of the merger agreement at the special meeting or any adjournment thereof, our board of directors (acting through the special committee or otherwise) enters into a letter or intent, acquisition agreement or similar agreement with respect to an acquisition proposal from a third party, provided that we have complied with our obligations under the merger agreement described under The Merger Agreement Restrictions on Solicitations of Other Offers and The Merger Agreement Recommendation Withdrawal/Termination in Connection with a Superior Proposal beginning on pages 69 and 70, respectively, and provided that we have paid the termination fee owed to Parent as described under The Merger Agreement Termination Fees beginning on page 71.

By Parent, if:

our board of directors or any committee of our board of directors (i) withdraws (or modifies in a manner adverse to Parent or Merger Sub) its recommendation that the stockholders of the Company adopt the merger agreement; or (ii) shall have approved or recommended to our stockholders an acquisition proposal for us other than the merger contemplated by the merger agreement, or shall have resolved to effect the foregoing; or

we have breached any of our representations, warranties, covenants or agreements under the merger agreement which would give rise to the failure of certain conditions to closing and where that breach is incapable of being cured, or is not cured, on or before June 30, 2008, provided that neither Parent nor Merger Sub is then in breach of the merger agreement so as to cause certain conditions to closing to not be satisfied.

By Bright Horizons, if:

the merger is not consummated within two business days after the delivery by Bright Horizons to Parent of written notice certifying that all conditions to Parent s and Merger Sub s obligations to close have been satisfied (provided that all conditions to Parent s and Merger Sub s obligations to close remain satisfied at the close of business on such second business day); or

Table of Contents

Parent or Merger Sub has breached any of its representations, warranties, covenants or agreements under the merger agreement which would give rise to the failure of certain conditions to closing and where that breach is incapable of being cured, or is not cured, on or before June 30, 2008, provided that Bright Horizons is not in breach of the merger agreement so as to cause the closing conditions relating to Parent and Merger Sub s obligations to consummate the merger not to be satisfied.

Termination Fees (see page 71). If the merger agreement is terminated under certain circumstances:

the Company will be obligated to pay the expenses of Parent, up to $10.0 million; and

the Company will be obligated to pay a termination fee of $39.0 million (or $19.5 million in certain circumstances) as directed by Parent (less any expenses of Parent paid by the Company in connection with termination); or

Parent will be obligated to pay us a termination fee of $39.0 million (without our having to quantify or establish damages) and, in certain circumstances in which financing is available to Parent and Merger Sub yet they nevertheless fail to consummate the merger, indemnification for up to $27.0 million of our damages. Bain has agreed to guarantee the obligation of Parent to pay these amounts, subject to a $66.0 million cap on all liabilities of Bain in respect thereof.

We cannot seek specific performance to require Parent and Merger Sub to complete the merger, and our exclusive remedy for the failure of Parent and Merger Sub to complete the merger is the termination fee described above payable to us in the circumstances described under The Merger Agreement Termination Fees beginning on page 71.

The Special Meeting

See Questions and Answers About the Special Meeting and the Merger beginning on page 9 and The Special Meeting beginning on page 15.

Other Important Considerations

The Special Committee and its Recommendation. The special committee is a committee of our board of directors that was formed on April 13, 2007 for the purpose of reviewing, evaluating, accepting or rejecting strategic alternatives, including a possible transaction relating to the sale of the Company. The special committee is comprised of three independent and disinterested directors. The members of the special committee are Marguerite W. Kondracke (Chair), E. Townes Duncan and Ian M. Rolland. The special committee unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to and in the best interests of the Company and our stockholders (other than parties to an Employee Rollover Agreement (as defined in the merger agreement) and any affiliates of Parent) (such stockholders being referred to in this proxy statement collectively as the unaffiliated stockholders) and recommended to our board of directors that the merger agreement and the transactions contemplated thereby, including the merger, be approved and declared advisable by our board of directors and that our board of directors recommend adoption by the stockholders of the merger agreement. For a discussion of the material factors considered by the board of directors and the special committee in reaching its conclusions and the reasons why the board of directors and the special committee determined that the merger is fair, see Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page 29.

Board Recommendation. The Company s board of directors, acting upon the unanimous recommendation of the special committee and without the participation of Mr. Lissy, Mr. Bekenstein, Ms. Tocio, Mr. Brown and Ms. Mason, recommends that Bright Horizons stockholders vote FOR the adoption of the merger agreement, and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies. See Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page 29.

Table of Contents

Share Ownership of Directors and Executive Officers. As of [ ], 2008, the record date, the directors and executive officers of Bright Horizons held and are entitled to vote, in the aggregate, shares of Bright Horizons Common Stock representing approximately [ ]% of the outstanding shares of Bright Horizons Common Stock. The directors and executive officers have informed Bright Horizons that they currently intend to vote all of their shares of Bright Horizons Common Stock FOR the adoption of the merger agreement and FOR any adjournment proposal. See The Special Meeting Voting Rights; Quorum; Vote Required for Approval beginning on page 15.

Interests of the Company s Directors and Executive Officers in the Merger. Upon the consummation of the merger, except as may be agreed by a holder or participant and Parent, (1) all stock options held by our directors and executive officers will vest, and each vested and unexercised stock option will generally be cashed out in an amount equal to the excess of $48.25 over the option exercise price, (2) all restricted shares will vest and be cancelled and converted into the right to receive a cash payment equal to the number of outstanding restricted shares multiplied by $48.25 and (3) all restricted share units will be converted into shares of Bright Horizons Common Stock that are free of restrictions and will be cashed out at $48.25 per share. As of March 10, 2008, our directors and executive officers, as a group, beneficially owned 402,445 shares of Bright Horizons Common Stock; vested and unvested options to purchase 811,700 shares of Bright Horizons Common Stock; 78,885 unvested restricted shares; and 2,607 restricted share units. Together, these securities represent 4.61% of the total Bright Horizons securities that are subject to purchase as part of the merger. The maximum total amount of all cash payments our directors and executive officers may receive in respect of their beneficially owned Bright Horizons securities upon the consummation of the merger is $44,498,524, as more fully described on pages 57 and 58. Subject to Bain s agreement, which may be withheld in Bain s sole discretion, certain of our directors and our executive officers (together with such other employees who are permitted to invest by the payment of cash and/or contribution of their Bright Horizons equity securities to Parent or one of its affiliates, are sometimes referred to herein collectively as the Rollover Holders) may enter into agreements to convert their options or Bright Horizons Common Stock into, or otherwise invest in, the equity securities of Parent or one of its affiliates, including by electing to exchange unrestricted shares of Bright Horizons Common Stock for shares of common stock of Parent. As of the date of the filing of this proxy statement, there have been no agreements or discussions between Parent or Bain, on the one hand, and any Rollover Holder, on the other hand, regarding any such rollover commitments. However, Bain has informed the Company that it may cause Parent to offer certain directors and the executive officers of the Company the opportunity to exchange a portion of their Bright Horizons Common Stock or options for, or to invest a portion of the cash merger consideration they receive in the merger in, equity of Parent at the same valuation at which Bain will invest in Parent. These and other interests of our directors and executive officers, some of which may be different than those of our stockholders generally, are more fully described, together with a more detailed description of the total cash payments our directors and executive officers will receive in connection with the merger, under Special Factors Interests of the Company s Directors and Executive Officers in the Merger beginning on page 56.

Opinion of Goldman, Sachs & Co. In connection with the proposed merger, Goldman Sachs, as a financial advisor to the special committee, has delivered an opinion as to the fairness from a financial point of view to the unaffiliated stockholders of the merger consideration to be received by such holders in the merger as of January 14, 2008. The full text of the written opinion of Goldman Sachs, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Goldman Sachs in connection with its opinion, is attached as Annex B to this proxy statement. **Goldman Sachs provided its opinion for the information and assistance of the special committee in connection with its consideration of the merger, and the opinion of Goldman Sachs is not a recommendation as to how any holder of Bright Horizons Common Stock, or any other person, should vote or act with respect to the merger or**

any other matter. We encourage you to read Goldman Sachs opinion carefully and in its entirety. For a more complete description of the

Table of Contents

opinion and the review undertaken in connection with such opinion, together with the fees payable to Goldman Sachs and the conflicts of Goldman Sachs, see Special Factors Opinion of Financial Advisors Opinion of Goldman, Sachs & Co. beginning on page 33. Pursuant to a letter agreement between Bright Horizons and Goldman Sachs dated June 21, 2007, Bright Horizons has agreed to pay Goldman Sachs: (i) an advisory fee of $5.0 million that was payable on January 1, 2008, and (ii) a transaction fee of 1.2% of the equity consideration paid in the merger (to which the $5.0 million advisory fee in (i) is credited), payable upon the consummation of the merger. The fees payable to Goldman Sachs are not contingent upon the substance of Goldman Sachs opinion.

Opinion of Evercore Group L.L.C. In connection with the proposed merger, Evercore, as a financial advisor to the special committee, has delivered an opinion as to the fairness from a financial point of view to the unaffiliated stockholders of the merger consideration to be received by such holders in the merger as of January 14, 2008. The full text of Evercore s written opinion, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken by Evercore in connection with its opinion, is attached as Annex C to this proxy statement. **Evercore provided its opinion for the information and assistance of the special committee in connection with its consideration of the merger, and the opinion of Evercore is not a recommendation as to how any holder of Bright Horizons Common Stock, or any other person, should vote or act with respect to the merger or any other matter.** We encourage you to read Evercore s opinion carefully and in its entirety. For a more complete description of the opinion and the review undertaken in connection with such opinion, together with the fees payable to Evercore, see Special Factors Opinions of Financial Advisors Opinion of Evercore Group L.L.C. beginning on page 39. Evercore provided the special committee financial advisory services and Bright Horizons agreed to pay Evercore, pursuant to a letter agreement dated October 19, 2007, a $3.0 million advisory fee, payable upon the earlier to occur of (i) the dissolution of the special committee (if no agreement with respect to a transaction between the Company and any third party had been entered into), (ii) the first anniversary of Evercore s engagement and (iii) if an agreement with respect to a transaction between the Company and any third party had been entered into, upon the consummation, termination or abandonment of that transaction. This advisory fee would be reduced by the amount of any $75,000 monthly retainer fees which have been paid and are subject to a minimum total of $250,000. Evercore may also receive a discretionary fee of up to $5.0 million as determined in good faith by the special committee, based upon the special committee s view of the value attributed to services rendered by Evercore. The discretionary fee is not dependent upon the Company entering into any agreement with respect to, or the consummation of, any transaction, including the merger. In addition, fees payable to Evercore are not contingent upon the substance of Evercore s opinion.

Sources of Financing. The merger agreement does not contain any condition relating to the receipt of financing by Parent. Funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided. See Special Factors Financing of the Merger beginning on page 51. The following arrangements are in place to provide the necessary financing for the merger, including the payment of related transaction costs, charges, fees and expenses:

Equity Financing. Parent has received an equity commitment from a private equity fund sponsored by Bain of $640.0 million. In addition, subject to Parent s agreement, which may be withheld in Parent s sole discretion, the Rollover Holders may enter into rollover commitments which would reduce the aggregate funds required to fund the merger; however, as of the date of the filing of this proxy statement, there are no agreements between Bain, on the one hand, and any Rollover Holder, on the other hand, regarding any such rollover commitments.

Debt Financing. Parent and Merger Sub have received a commitment letter from Goldman Sachs Credit Partners L.P. to provide up to $440.0 million of senior secured credit facilities, consisting of $365.0 million under a senior secured Tranche B term loan facility and $75.0 million under a senior secured revolving credit facility. Parent and Merger Sub also have received a commitment letter from

Table of Contents

GS Mezzanine Partners V, L.P. to purchase up to $300.0 million of senior subordinated notes issued by the Company and up to $110.0 million of senior notes issued by Parent.

Goldman Sachs Credit Partners L.P. has the ability in certain circumstances, after consultation with Parent and Merger Sub, to reallocate a portion of the Tranche B term loans (in an amount equal to 0.25x the consolidated adjusted EBITDA of Parent for the latest four fiscal quarter period for which financial statements are available) to the Parent senior notes, in which event the aggregate principal amount of the Parent senior notes will be increased by the aggregate amount by which the Tranche B term loans are reduced as a result of the exercise of this option.

To the extent that the *pro forma* ratio of consolidated debt to consolidated adjusted EBITDA for the most recent four fiscal quarter period for which financial statements of Parent and its subsidiaries have been delivered exceeds 6.87 to 1.00, the aggregate principal amount of the Tranche B term loans and the notes shall be reduced by an amount sufficient to cause that ratio not to exceed 6.87 to 1.00, with the amount of such reduction to be allocated between the Tranche B term loans and the notes *pro rata* with respect to the respective original committed amounts of the Tranche B term loans and the notes and, as to the notes, applied to reduce the principal amount of the Parent senior notes in full before being applied to reduce the principal amount of the Company senior subordinated notes.

GSCP, after consultation with Parent and Merger Sub, also has the ability, in certain circumstances in connection with its syndication of the senior secured credit facilities to other lenders, to require certain changes to the terms (excluding conditions), pricing and/or structure of any of the senior secured credit facilities, provided that any such changes are within certain agreed parameters.

Regulatory Approvals (see page 50). Under the HSR Act, and the rules promulgated thereunder by the Federal Trade Commission (FTC), the merger may not be completed until notification and report forms have been filed with the FTC and the Antitrust Division of the Department of Justice (DOJ) and the applicable waiting period has expired or been terminated. Bright Horizons and Parent filed notification and report forms under the HSR Act with the FTC and the Antitrust Division of the DOJ on February 5, 2008, and were granted early termination of the waiting period on February 11, 2008.

Though not a condition to the consummation of the merger, U.S. federal and state laws and regulations, as well as the laws and regulations of the United Kingdom, Ireland and Canada may require that we or Parent obtain approvals, file new license and/or permit applications with, and/or provide notice to, applicable governmental authorities in connection with the merger.

Applicability of Rules Related to Going Private Transactions; Position of Bain, Joshua Bekenstein, Parent and Merger Sub as to Fairness and Their Reasons for the Merger (see pages 47 and 33). Under a potential interpretation of the rules governing going private transactions, each of Bain, Mr. Bekenstein, Parent and Merger Sub may be deemed to be engaged in a going private transaction. Bain, Mr. Bekenstein, Parent and Merger Sub make certain statements herein as to, among other matters, their purposes and reasons for the merger, and their belief as to the fairness of the merger to our unaffiliated stockholders solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Securities Exchange Act of 1934, as amended (the Exchange Act) under that potential interpretation.

Each of the special committee and the board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to and in the best interests of the Company and our unaffiliated stockholders. In evaluating the merger, the special committee consulted with its independent legal and financial advisors, reviewed a significant amount of information and considered a number of factors and procedural safeguards set forth below in Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger. Based upon the foregoing, and consistent with its

general recommendation to stockholders, the special committee and our board of directors (without the participation of Mr. Lissy, Mr. Bekenstein, Ms. Tocio, Mr. Brown and Ms. Mason) believe that the

Table of Contents

merger agreement and the merger are substantively and procedurally fair to the Company and our unaffiliated stockholders.

U.S. Federal Income Tax Consequences. If you are a U.S. holder (as defined below), the merger will be a taxable transaction for U.S. federal income tax purposes. Your receipt of cash in exchange for your shares of Bright Horizons Common Stock in the merger generally will cause you to recognize gain or loss measured by the difference, if any, between the cash you receive in the merger (determined before the deduction of any applicable withholding taxes) and your adjusted tax basis in your shares of Bright Horizons Common Stock. If you are a non-U.S. holder (as defined below), the merger generally will not be a taxable transaction to you for U.S. federal income tax purposes unless you have certain connections to the United States. Under U.S. federal income tax law, all holders will be subject to information reporting on cash payments made pursuant to the merger unless an exemption applies. Backup withholding may also apply with respect to cash payments made pursuant to the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your federal, state, local and/or foreign taxes and, if applicable, the tax consequences of the receipt of cash in connection with the cancellation of your options to purchase shares of Bright Horizons Common Stock, your restricted shares or your restricted share units, including the transactions described in this proxy statement relating to our other equity compensation and benefit plans. See Special Factors Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders beginning on page 59.

Appraisal Rights. Under Delaware law, holders of Bright Horizons Common Stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares, as determined by the Delaware Court of Chancery, if the merger is completed, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount you would receive could be more than, the same as or less than the amount a stockholder would be entitled to receive under the terms of the merger agreement. Any holder of Bright Horizons Common Stock intending to exercise his, her or its appraisal rights must, among other things, submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See The Special Meeting Rights of Stockholders Who Object to the Merger and Appraisal Rights beginning on pages 16 and 75, respectively, and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex D.

Market Price of Bright Horizons Common Stock (see page 82). The closing sale price of Bright Horizons Common Stock on The NASDAQ Stock Market (the NASDAQ) on January 11, 2008, the last trading day prior to the announcement of the merger, was $32.79 per share. The $48.25 per share to be paid for each share of Bright Horizons Common Stock in the merger represents a premium of approximately 47% to the closing price on January 11, 2008.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers do not address all questions that may be important to you as a Bright Horizons stockholder. Please refer to the Summary Term Sheet and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully.

Q. When and where is the special meeting?

A. The special meeting of stockholders of Bright Horizons will be held on **[ ]**, 2008, at **[ ]** a.m. local time, at the Company s executive offices located at 200 Talcott Avenue South, Watertown, Massachusetts 02472.

Q. What matters will be voted on at the special meeting?

A. You will be asked to consider and vote on the following proposals:

to adopt the merger agreement;

to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and

to act upon other business that may properly come before the special meeting or any adjournment or postponement thereof.

Q. How does Bright Horizons board of directors recommend that I vote on the proposals?

A. The board of directors (without the participation of Mr. Lissy, Mr. Bekenstein, Ms. Tocio, Mr. Brown and Ms. Mason) recommends that you vote:

FOR the proposal to adopt the merger agreement; and

FOR any adjournment proposal.

Q. Who is entitled to vote at the special meeting?

A. All holders of Bright Horizons Common Stock are entitled to notice, but only stockholders of record holding Bright Horizons Common Stock as of the close of business on **[ ]**, 2008, the record date for the special meeting, are entitled to vote at the special meeting. As of the record date, there were approximately **[ ]** shares of Bright Horizons Common Stock outstanding. Approximately **[ ]** holders of record held such shares. Every holder of Bright Horizons Common Stock is entitled to one vote for each such share the stockholder held as of the record date.

Please note that space limitations make it necessary to limit attendance at the special meeting to stockholders. Registration will begin at **[ ]** a.m., local time. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices are not permitted at the

meeting.

Q. What vote is required for Bright Horizons stockholders to adopt the merger agreement? How do Bright Horizons directors and officers intend to vote?

A. An affirmative vote of the holders of a majority of all outstanding shares of Bright Horizons Common Stock entitled to vote on the matter is required to adopt the merger agreement. Our directors and executive officers have informed us that they currently intend to vote all of their shares of Bright Horizons Common Stock for the adoption of the merger agreement.

Table of Contents

Q. What vote is required for Bright Horizons stockholders to approve a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies?

A. The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares of Bright Horizons Common Stock present or represented by proxy at the meeting and entitled to vote on the matter.

Q. Who is soliciting my vote?

A. This proxy solicitation is being made and paid for by Bright Horizons. In addition, we have retained D.F. King & Co., Inc. to assist in the solicitation. We will pay D.F. King & Co., Inc. approximately $7,500 plus out-of-pocket expenses for its assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of Bright Horizons Common Stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses.

Q. What do I need to do now?

A. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, if you hold your shares in your own name as the stockholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card; using the telephone number printed on the enclosed proxy card; or using the Internet voting instructions printed on the enclosed proxy card. You can also attend the special meeting and vote, or change your prior vote, in person. **Do NOT enclose or return your stock certificate(s) with your proxy.** If you hold your shares in street name through a broker, bank or other nominee, then you received this proxy statement from the nominee, along with the nominee s proxy card which includes voting instructions and instructions on how to change your vote.

Q. How do I vote? How can I revoke my vote?

A. You may vote by signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope or as described below if you hold your shares in street name. If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the proposal to adopt the merger agreement and FOR the adjournment proposal. You have the right to revoke your proxy at any time before the vote taken at the special meeting:

if you hold your shares in your name as a stockholder of record, by notifying our Chief Administrative Officer and Secretary, Stephen I. Dreier, at 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02472;

by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

by submitting a later-dated proxy card; or

if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Q. Can I vote by telephone or electronically?

A. If you hold your shares in your name as a stockholder of record, you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card.

If your shares are held by your broker, bank or other nominee, often referred to as held in street name, please check your proxy card or contact your broker, bank or nominee to determine whether you will be able to vote by telephone or electronically.

Table of Contents

Q. If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A. Your broker, bank or other nominee will only be permitted to vote your shares if you instruct your broker, bank or other nominee how to vote. You should follow the procedures provided by your broker, bank or other nominee regarding the voting of your shares. If you do not instruct your broker, bank or other nominee to vote your shares, your shares will not be voted and the effect will be the same as a vote against the adoption of the merger agreement and will not have an effect on the proposal to adjourn the special meeting.

Q: What do I do if I have money in the Bright Horizons Stock Fund of the Bright Horizons Family Solutions, Inc. 401(k) Plan or the Bright Horizons Retirement Plan?

A: If you have money invested in the Bright Horizons Stock Fund of the Bright Horizons Family Solutions, Inc. 401(k) Plan or the Bright Horizons Retirement Plan, you do not actually own shares of Bright Horizons Common Stock. You are instead credited with equivalent shares, which consist of your interest in both shares of Bright Horizons Common Stock and cash that are held by the Bright Horizons Stock Fund of the particular plan. The number of equivalent shares you hold on any given day is equal to your interest in the value of the Bright Horizons Common Stock and the cash held by the Bright Horizons Stock Fund, divided by the closing market price per share of Bright Horizons Common Stock as reported on the NASDAQ that day.

The Company has decided to permit participants in the plans who have money invested in the Bright Horizons Stock Fund to participate in the merger vote based on their interest or equivalent shares in the fund. You may exercise these pass-through voting rights only by completing and returning the voting instruction card for participants in the Bright Horizons Stock Fund of the Bright Horizons Family Solutions, Inc. 401(k) Plan or the Bright Horizons Retirement Plan you received with this proxy statement in accordance with the procedures included therewith, or by following the instructions for voting by telephone or the Internet described in the voting instruction card, and before the deadline noted below. **If your voting instructions are received by 6:00 a.m., local time, in Watertown, Massachusetts on [l], 2008, the independent trustee of your plan will submit a proxy that reflects your instructions. If your voting instructions are not received by the date and time specified above, the independent trustee will vote the shares of Bright Horizons Common Stock allocable to your interest in the Bright Horizons Stock Fund in accordance with its independent and sole discretion, and all such shares will be voted in the same manner.** Your voting instructions will be kept confidential. You may **not** vote in person at the special meeting.

Q. What do I do if I receive more than one proxy or set of voting instructions?

A. If you also hold shares in street name, directly as a record holder or if you have money invested in the Bright Horizons Stock Fund of the Bright Horizons Family Solutions, Inc. 401(k) Plan or the Bright Horizons Retirement Plan, you may receive more than one proxy and/or set of voting instructions relating to the special meeting. **These should each be voted and/or returned separately as described elsewhere in this proxy statement in order to ensure that all of your shares are voted.**

Q. How are votes counted?

A. For the proposal to adopt the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or shares voting on the proposal to adopt the merger agreement, but will count for the purpose of determining whether a quorum is present. If you abstain, it will have the same effect as if you vote against the adoption of the merger agreement. In addition, if your shares are held in the name of a broker, bank or

other nominee, your broker, bank or other nominee will not be entitled to vote your shares in the absence of specific instructions. These non-voted shares, or broker non-votes, will be counted for purposes of determining a quorum, but will have the same effect as a vote against the adoption of the merger agreement.

Table of Contents

For a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present, but abstentions and broker non-votes will not count as shares present and entitled to vote on the proposal to adjourn the meeting. As a result, abstentions and broker non-votes will have no effect on the vote to adjourn the meeting, which requires the vote of the holders of a majority of the shares of Bright Horizons Common Stock present or represented by proxy at the meeting and entitled to vote on the matter.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

Q. Who will count the votes?

A. A representative of our transfer agent, Wells Fargo Bank, N.A., will count the votes and act as an inspector of election. Questions concerning stock certificates or other matters pertaining to your shares may be directed to Wells Fargo Bank, N.A. at (800) 468-9716.

Q. When is the merger expected to be completed?

A. We are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in the second quarter of 2008. In order to complete the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). See The Merger Agreement Conditions to the Merger beginning on page 67.

Q. Should I send in my stock certificates now?

A. No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your Bright Horizons Common Stock certificates for the merger consideration. If your shares are held in street name by your broker, bank or other nominee you will receive instructions from your broker, bank or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **Please do not send your certificates in now.**

Q. How can I obtain additional information about Bright Horizons?

A. We will provide a copy of our Annual Report to Stockholders and/or our Annual Report on Form 10-K for the year ended December 31, 2007, filed February 29, 2008, excluding certain of its exhibits, and other filings, with the Securities and Exchange Commission (SEC) without charge to any stockholder who makes a written or oral request to the Secretary, Bright Horizons Family Solutions, Inc., 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02472; telephone (617) 673-8000. Our Annual Report on Form 10-K and other SEC filings also may be accessed on the world wide web at http://www.sec.gov or on the Investor Relations page of the Company s website at http://www.brighthorizons.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference. For a more detailed description of the information available, please refer to Where You Can Find More Information beginning on page 86.

Q. Who can help answer my questions?

A.

If you have additional questions about the merger after reading this proxy statement, please call our proxy solicitor, D.F. King & Co., Inc., toll-free at (800) 859-8509.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings Summary Term Sheet, Special Factors, Important Information About Bright Horizons Projected Financial Information and in statements containing the words believes, plans, expects, anticip intends, estimates or other similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against Bright Horizons and others relating to the merger agreement;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;
- the failure to obtain the necessary debt financing arrangements set forth in the commitment letters and/or the equity financing arrangements set forth in the equity commitment letter received in connection with the merger;
- the failure of the merger to close for any other reason;
- risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;
- the effect of the announcement of the merger on our customer relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger and the actual terms of certain financings that will be obtained for the merger;

and other risks detailed in our current filings with the SEC, including our most recent filing on Form 10-K. See Where You Can Find More Information beginning on page 86. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance

or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

Table of Contents

THE PARTIES TO THE MERGER

Bright Horizons

Bright Horizons is a Delaware corporation with its headquarters in Watertown, Massachusetts. Bright Horizons is a leading provider of workplace services for employers and families. Workplace services include center-based child care, education and enrichment programs, elementary school education, back-up care (for children and elders), before and after school care, summer camps, vacation care, college preparation and admissions counseling, and other family support services. As of December 31, 2007, the Company operated 641 early care and education centers for more than 700 clients and had the capacity to serve approximately 71,000 children in 43 states, the District of Columbia, Puerto Rico, Canada, Ireland, and the United Kingdom. Our workplace services cater primarily to working families and provide a number of services designed to meet the business objectives of employers and the family needs of their employees. Our services are designed to (i) address employers ever-changing workplace needs, (ii) enhance employee productivity, (iii) improve recruitment and retention of employees, (iv) reduce absenteeism, and (v) help employers become the employer of choice within their industry.

Bright Horizons serves many leading corporations, including more than 95 *Fortune 500* companies and 75 of *Working Mother Magazine* s 100 Best Companies for Working Mothers . Our employer clients include Abbott Laboratories, Alston & Bird, Amgen, Bank of America, Boeing, Bristol-Myers Squibb, British Petroleum, Citigroup, Eli Lilly, GlaxoSmithKline PLC, IBM, Johnson & Johnson, JP Morgan Chase, LandRover, Microsoft, Motorola, Pfizer, Royal Bank of Scotland, Starbucks, Target, Timberland, Toyota, Union Pacific, Universal Studios, and Wachovia. We also provide services for well-known institutions such as Duke University, the European Commission, the Federal Deposit Insurance Corporation (FDIC), JFK Medical Center, Johns Hopkins University, Massachusetts Institute of Technology, Memorial Sloan-Kettering Cancer Center and the Professional Golfers Association (PGA) and Ladies Professional Golf Association (LPGA) Tours. Bright Horizons operates multiple early care and education centers for 57 of its employer clients.

Bright Horizons principal executive offices are located at 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02472, and our telephone number is (617) 673-8000. For more information about Bright Horizons, please visit our website at www.brighthorizons.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference. Bright Horizons is publicly traded on the NASDAQ under the symbol BFAM.

Parent

Swingset Holdings Corp., which we refer to as Parent, is a Delaware corporation that was formed solely for the purpose of acquiring Bright Horizons. Parent has not engaged in any business except as contemplated by the merger agreement. The principal office address of Swingset Holdings Corp. is c/o Bain Capital Partners, LLC, 111 Huntington Avenue, Boston, MA 02199. The telephone number at the principal offices is (617) 516-2000.

Merger Sub

Swingset Acquisition Corp., which we refer to as Merger Sub, is a Delaware corporation that was formed solely for the purpose of completing the proposed merger. Upon the consummation of the proposed merger, Swingset Acquisition Corp. will cease to exist and Bright Horizons will continue as the surviving corporation. Swingset Acquisition Corp. is wholly-owned by Parent and has not engaged in any business except as contemplated by the merger agreement. The principal office address of Swingset Acquisition Corp. is c/o Bain Capital Partners, LLC, 111

Huntington Avenue, Boston, MA 02199. The telephone number at the principal offices is (617) 516-2000.

Additional information concerning these transaction participants is set forth in Annex E to this proxy statement.

Table of Contents

THE SPECIAL MEETING

This proxy statement is furnished in connection with the solicitation of proxies by our board of directors in connection with the special meeting of our stockholders relating to the merger.

Date, Time and Place of the Special Meeting

The special meeting is scheduled to be held as follows:

Date: **[ ]** day, **[ ]**, 2008

Time: **[ ]** a.m., local time

Place: 200 Talcott Avenue South
Watertown, Massachusetts 02472

Proposals to be Considered at the Special Meeting

At the special meeting, you will be asked to vote on a proposal to adopt the merger agreement, and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement. A copy of the merger agreement is attached as Annex A to this proxy statement.

Record Date

We have fixed the close of business on **[ ]**, 2008 as the record date for the special meeting, and only holders of record of Bright Horizons Common Stock on the record date are entitled to vote at the special meeting. On the record date, there were **[ ]** shares of Bright Horizons Common Stock outstanding and entitled to vote.

Voting Rights; Quorum; Vote Required for Approval

Each share of Bright Horizons Common Stock entitles its holder to one vote on all matters properly coming before the special meeting. The presence in person or representation by proxy of stockholders entitled to cast a majority of the votes of all issued and outstanding shares entitled to vote, shall constitute a quorum for the purpose of considering the proposals. Shares of Bright Horizons Common Stock represented at the special meeting but not voted, including shares of Bright Horizons Common Stock for which proxies have been received but for which stockholders have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies.

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Bright Horizons Common Stock entitled to vote on the matter. For the proposal to adopt the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not be counted as votes cast or shares voting on the proposal to adopt the merger agreement, but will count for the purpose of determining whether a quorum is present. **If you abstain, it will have the same effect as if you vote against the adoption of the merger agreement.** In addition, if your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not be entitled to vote your shares in the absence of specific instructions. **These non-voted shares, or broker non-votes,**

will be counted for purposes of determining a quorum, but will have the same effect as a vote against the adoption of the merger agreement. Your broker, bank or nominee will vote your shares only if you provide instructions on how to vote by following the instructions provided to you by your broker, bank or nominee.

The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the outstanding shares of Bright Horizons Common Stock present or represented by proxy at the special meeting and entitled to vote on the matter. For the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies, you may

Table of Contents

vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present, but abstentions and broker non-votes will not count as shares present and entitled to vote on the proposal to adjourn the meeting. **As a result, abstentions and broker non-votes will have no effect on the vote to adjourn the special meeting, which requires the vote of the holders of a majority of the shares of Bright Horizons Common Stock present or represented by proxy at the meeting and entitled to vote on the matter.**

As of [ ], 2008, the record date, the directors and executive officers of Bright Horizons held and are entitled to vote, in the aggregate, [ ] shares of Bright Horizons Common Stock, representing approximately [ ]% of the outstanding Bright Horizons Common Stock. The directors and executive officers have informed Bright Horizons that they currently intend to vote all of their shares of Bright Horizons Common Stock FOR the adoption of the merger agreement and FOR the adjournment proposal. If our directors and executive officers vote their shares in favor of adopting the merger agreement, [ ]% of the outstanding shares of Bright Horizons Common Stock will have voted for the proposal to adopt the merger agreement. This means that additional holders of approximately [ ]% of all shares entitled to vote at the special meeting would need to vote for the proposal to adopt the merger agreement in order for it to be adopted.

Voting and Revocation of Proxies

Stockholders of record may submit proxies by mail, by telephone or over the Internet. Stockholders who wish to submit a proxy by mail should mark, date, sign and return the proxy card in the envelope furnished. If you hold your shares in your name as a stockholder of record, you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. Stockholders who hold shares beneficially through a nominee (such as a bank or broker) may be able to submit a proxy by mail, or by telephone or over the Internet if those services are offered by the nominee.

Proxies received at any time before the special meeting, and not revoked or superseded before being voted, will be voted at the special meeting. Where a specification is indicated by the proxy, it will be voted in accordance with the specification. If you sign your proxy card without indicating your vote, your shares will be voted FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary, to solicit additional proxies, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

You have the right to revoke your proxy at any time before the vote taken at the special meeting:

- if you hold your shares in your name as a stockholder of record, by notifying our Chief Administrative Officer and Secretary, Stephen I. Dreier, at 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02472;
- by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);
- by submitting a later-dated proxy card; or
- if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Please do not send in your stock certificates with your proxy card. When the merger is completed, a separate letter of transmittal will be mailed to you that will enable you to tender your stock certificates and receive the merger consideration.

Rights of Stockholders Who Object to the Merger

Stockholders of Bright Horizons are entitled to appraisal rights under Delaware law in connection with the merger. This means that you are entitled to have the value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount you receive as a dissenting stockholder in an appraisal proceeding may be more than, the same as or less than the amount you would have received under the merger agreement.

Table of Contents

To exercise your appraisal rights, you must submit a written demand for appraisal to Bright Horizons before the vote is taken on the merger agreement and you must not vote in favor of the adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Appraisal Rights beginning on page 75 and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex D.

Solicitation of Proxies

This proxy solicitation is being made and paid for by Bright Horizons on behalf of its board of directors. In addition, we have retained D.F. King & Co., Inc. to assist in the solicitation. We will pay D.F. King & Co., Inc. approximately $7,500 plus out-of-pocket expenses for their assistance. Our directors, executive officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of Bright Horizons Common Stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses. In addition, we will indemnify D.F. King & Co., Inc. against any losses arising out of that firm s proxy soliciting services on our behalf.

Other Business

We are not currently aware of any business to be acted upon at the special meeting other than the matters discussed in this proxy statement. Under our bylaws, business transacted at the special meeting is limited to the purposes stated in the notice of the special meeting, which is provided at the beginning of this proxy statement. If other matters do properly come before the special meeting, or at any adjournment or postponement of the special meeting, we intend that shares of Bright Horizons Common Stock represented by properly submitted proxies will be voted in accordance with the recommendations of our board of directors.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, D.F. King & Co., Inc., toll-free at (800) 859-8509, or contact Bright Horizons in writing at our principal executive offices at 200 Talcott Avenue South, P.O. Box 9177, Watertown, Massachusetts 02472, Attention: Stephen I. Dreier, Chief Administrative Officer and Secretary, or by telephone at (617) 673-8000.

Availability of Documents

The reports, opinions or appraisals referenced in this proxy statement and filed as exhibits to the Schedule 13E-3 filed by the Company concurrently with this proxy statement will be made available for inspection and copying at the principal executive offices of the Company during its regular business hours by any interested holder of Bright Horizons Common Stock.

Table of Contents

SPECIAL FACTORS

This discussion of the merger is qualified by reference to the merger agreement, which is attached to this proxy statement as Annex A. You should read the entire merger agreement carefully as it is the legal document that governs the merger.

Background of the Merger

The Company regularly reviews and evaluates its business strategy and strategic alternatives with the goal of enhancing stockholder value. In this regard, in early 2007, management determined to consider what strategic alternatives might be available to the Company, and Mr. Lissy contacted Joshua Bekenstein, a director of the Company and a managing director of Bain Capital Investors, an affiliate of Bain Capital, about the general merger and acquisition markets and particularly about the current feasibility of leveraged acquisitions by financial sponsors. During three conversations between Messrs. Lissy and Bekenstein that took place during the first quarter of 2007, Mr. Bekenstein analyzed how a financial buyer would view the Company and expressed his view that a leveraged acquisition of the Company by a financial sponsor could be a viable alternative which may provide immediate value to the stockholders at a price per share in the mid $40s. During this period, Messrs. Lissy and Bekenstein did not discuss any specific potential future transaction or the involvement of Bain in any potential future transaction. However, Mr. Bekenstein indicated that if the board of directors determined to consider strategic alternatives, including a sale transaction, he believed that Bain would be interested in exploring a potential acquisition of the Company given Bain s familiarity with and knowledge of the Company, which resulted from Mr. Bekenstein s service as a director since the Company s inception and the fact that affiliates of Bain provided initial financing to the Company and were equity investors in the Company until 1997.

On April 13, 2007, the board of directors met by telephone and during the meeting management discussed the initiation of a process to review strategic alternatives which might enhance stockholder value. At this meeting, representatives of Bass, Berry & Sims PLC (Bass Berry), counsel for the Company, advised the board of directors regarding its fiduciary duties in engaging in a strategic alternative review process. Management discussed its assessment of the Company s business plan and future prospects. Management and the board of directors reviewed a range of strategic alternatives and the board of directors determined that because one of the alternatives, the sale of the Company, could involve potential conflicts of interest with management and certain directors, it should establish a special committee comprised of independent, disinterested directors to review, evaluate and consider potential strategic alternatives. The board of directors adopted resolutions establishing a special committee, comprised of Marguerite Kondracke (the chair), Townes Duncan and Ian Rolland. The board of directors delegated to the special committee the full power and authority to, among other things, review, evaluate and consider all strategic alternatives, including to determine whether pursuing a possible sale of the Company would be in the best interests of the Company and its stockholders, and, as appropriate, to reject or to recommend to the board of directors any strategic alternative considered by it.

Except as otherwise described herein, following the April 13, 2007 meeting of the board of directors, Mr. Lissy, Mr. Bekenstein, Mary Ann Tocio, Roger H. Brown and Linda A. Mason (the Interested Directors) recused themselves from all discussions by the board of directors regarding the special committee s review of strategic alternatives, recognizing that one alternative was a leveraged buyout by a financial sponsor and that those directors had articulated that they may wish to participate with, or in Mr. Bekenstein s case may be affiliated with, a potential buyer in such a transaction. In addition, except as otherwise described herein, no Interested Director conducted any discussions with any potential purchaser regarding the terms of his or her potential participation in a transaction involving the Company.

Following the board of directors meeting, on April 13, 2007, the special committee met by telephone to discuss the process by which it would begin to examine potential strategic alternatives. Representatives of Bass Berry reviewed with the special committee its fiduciary duties and recommended that the special committee engage independent legal and financial advisors to assist it in the discharge of its responsibilities. The special committee instructed the chair to interview potential legal advisors and report back to it. A meeting of the

Table of Contents

special committee was held by telephone on April 25, 2007. Ms. Kondracke reported to the special committee the results of her in-person interviews of potential legal counsel. The special committee determined to engage Shearman & Sterling LLP (Shearman & Sterling) as its legal advisor. Ms. Kondracke was instructed to contact representatives of Shearman & Sterling to determine the next step in its process of evaluating strategic alternatives available to the Company.

A meeting of the special committee was held by telephone on April 30, 2007. At the meeting, representatives of Shearman & Sterling reviewed with the special committee its fiduciary duties in connection with its consideration of strategic alternatives. The special committee determined that in light of his role as a senior advisor to the board of directors and his knowledge of the Company, a senior representative of Bass Berry should be available to the special committee as requested, subject to his agreement to maintain confidential all matters relating to the special committee, including the substance of any deliberations and any process it may adopt in connection with any possible strategic alternative. The senior representative of Bass Berry attended this telephonic meeting on April 30, 2007 and meetings of the special committee thereafter as requested by the special committee. Since the special committee believed that there may be discussions with Bain about a possible acquisition of the Company, the special committee determined that Mr. Bekenstein should not participate in any discussions with Bain personnel about a possible acquisition of the Company and should not participate in any board of directors discussions relating to any such possible acquisition without the consent of the special committee. These restrictions were subsequently conveyed to Mr. Bekenstein. The special committee discussed the engagement of a possible financial advisor and, based on Goldman Sachs qualifications, expertise and reputation, directed Shearman & Sterling to contact Goldman Sachs regarding its potential engagement.

Shortly after April 30, 2007, Goldman Sachs agreed to serve as the special committee s financial advisor and began conducting a due diligence review of the Company, including meetings and discussions with various members of management of the Company.

A meeting of the special committee was held on May 7, 2007 at The Inn at Harvard in Cambridge, Massachusetts. At the start of the meeting, management presented its views regarding potential benefits to the Company and its stockholders that could result from a sale transaction. Management expressed the view that as a public company it was increasingly difficult to manage the long term vision of the Company in light of the short term pressure created by the quarterly expectations of the investment community and that the stockholders might be able to achieve an attractive value in a sale transaction without the execution risks associated with the future business plan of the Company and the pressures associated with meeting the quarterly expectations of the investment community. Management also stressed the importance to the Company of maintaining maximum confidentiality in connection with the review of strategic alternatives. Management articulated its concerns that lack of confidentiality could result in speculation regarding the impact of a sale transaction on the Company s operations, thereby adversely impacting the Company s relationship with its employees and clients, as well as parents of children enrolled at the Company s facilities. Management then left the meeting and the special committee discussed the various strategic alternatives available to the Company, including continuing to execute its business plan, a possible leveraged recapitalization and a possible sale of the Company. The special committee then discussed the concerns expressed by management and whether Bain, which the special committee believed could move quickly and maintain confidentiality, would be interested in considering the acquisition of the Company. During that discussion, the special committee also considered whether it was in the best interest of the Company to engage in exclusive discussions with Bain. The special committee concluded that to cause the special committee to consider a transaction with Bain without fully exploring other potential sale opportunities, any Bain proposal to acquire the Company would have to be compelling when compared to valuations for the Company implied by the financial analyses that Goldman Sachs was preparing for the special committee. The special committee did not determine a specific dollar range at this time because it had not yet received Goldman Sachs preliminary financial analyses. The special committee determined that, if it were to proceed with Bain on that basis, it would have to retain the ability to solicit and accept alternative proposals for the acquisition of the Company after the

execution of a definitive agreement with Bain. Following discussion, the special committee

Table of Contents

determined to permit Bain, following Bain s execution of an appropriate confidentiality agreement, to undertake due diligence to determine whether Bain could submit such a proposal.

A regular meeting of the board of directors was held in Watertown, Massachusetts on May 8, 2007. During the meeting, the members of the board of directors other than the Interested Directors (the Independent Directors) met in executive session to discuss the ongoing review of strategic alternatives by the special committee.

On the morning of May 29, 2007, management of the Company and representatives of Goldman Sachs and Shearman & Sterling met with representatives of Bain for a presentation by management regarding the Company, its business model and its historical and five-year projected financial performance. See Important Information About Bright Horizons Projected Financial Information . On May 29, 2007, after the meeting with Bain, the special committee met with representatives of management, Goldman Sachs and Shearman & Sterling. Management of the Company provided an overview of the presentation it made to Bain earlier that day and then left the meeting. Representatives of Goldman Sachs then informed the special committee that, within the following two weeks, Bain expected to be in a position to provide a preliminary estimate of a price per share that Bain might be willing to pay to acquire the Company. The special committee requested that Goldman Sachs prepare a preliminary financial analysis of the Company as well as a preliminary review of the Company s possible strategic alternatives.

Following the special committee meeting, on May 29, 2007, the special committee held an informational update call for the Independent Directors to discuss the status of its strategic review process.

On June 11, 2007, Bain contacted a representative of Goldman Sachs and indicated that Bain would be willing to consider offering a proposal to acquire the Company at a purchase price of $47.00 per share, subject to negotiation of acceptable definitive agreements and the ability of Bain to arrange financing on acceptable terms.

On June 13, 2007, a meeting of the special committee was held at the offices of Shearman & Sterling in New York. Management joined the first part of the meeting to review with the special committee the Company s historical and five-year projected financial performance. Management also reiterated its view of the benefits to the Company of a sale transaction and presented its view regarding the risks to the Company associated with contacting additional parties regarding a potential acquisition of the Company, in particular with respect to confidentiality concerns. Mr. Lissy confirmed to the special committee that consistent with the direction of the special committee management had not conducted, nor would it conduct unless specifically authorized by the special committee, any discussions with Bain regarding any potential equity or employment arrangements or the terms on which management might participate with Bain in an acquisition of the Company.

After management left the June 13, 2007 meeting, representatives of Goldman Sachs discussed with the special committee its preliminary financial analyses and a preliminary evaluation of strategic alternatives available to the Company. The special committee discussed with its financial and legal advisors the fact that there were a limited number of opportunities to grow the Company through acquisitions given the Company s size relative to possible targets and the merits of a leveraged recapitalization. In response to a request from the special committee to evaluate the viability of a transaction with a strategic party, Goldman Sachs discussed the low likelihood of meaningful synergies, as well as dilution concerns, involved in a strategic transaction which would make it unlikely that a strategic party would be in a position to acquire the Company at an attractive valuation. The special committee considered these factors as well as, among other things, the risk that pursuing a transaction with a strategic party could involve the disclosure of competitively sensitive information of the Company. Following further discussions, the special committee then instructed Goldman Sachs to inform Bain that, at this time, the special committee would not be willing to pursue on an exclusive basis a possible transaction with Bain at a price less than $54.00 a share, which represented approximately a 38% premium over the closing price of the Bright Horizons Common Stock on the previous day. The special committee arrived at the $54.00 price offered to Bain following its review and discussion of

the foregoing factors, including Goldman Sachs preliminary financial analyses. The special committee also instructed Goldman Sachs to inform Bain that, if the special committee were to consider a possible transaction with Bain, the

special committee would have to retain the ability to solicit actively and accept alternative proposals for the acquisition of the Company after the execution of a definitive agreement with Bain. The special committee also concluded that Bain could approach a potential financing source to determine whether it could finance an acquisition of the Company so long as the financing source did not agree to be engaged exclusively for Bain.

On June 18, 2007, Bain submitted a letter to the special committee indicating that based on its preliminary assessment of valuation, Bain would likely offer $47 per share, and requested that it be granted additional time to conduct further due diligence to determine whether it could increase its $47 per share valuation by a meaningful amount to a price that the special committee would find to be a compelling value for stockholders.

At a meeting of the special committee held by telephone on June 19, 2007, a representative of Goldman Sachs reviewed with the special committee conversations with Bain regarding its interest in the Company, additional diligence information requests it had submitted and whether Bain would be able to increase the price per share it was prepared to offer for the Company to $54 per share. After discussion, the special committee determined to grant Bain s request for additional time to conduct further due diligence. The special committee instructed Goldman Sachs to participate in all due diligence meetings with management.

On June 19, 2007, the special committee held an informational update call for the Independent Directors to discuss the status of its strategic review process.

During the period from June 25, 2007 through July 12, 2007, representatives of Bain conducted additional due diligence of the Company and indicated to Goldman Sachs that it was not likely that Bain would be in a position to submit an acquisition proposal of $54 per share.

A meeting of the special committee was held by telephone on July 18, 2007, during which representatives of Goldman Sachs informed the special committee of the status of Bain s additional due diligence review of the Company, discussions between Goldman Sachs and Bain regarding their respective preliminary valuations of the Company and the recent changes in the leveraged finance market. After discussion, the special committee concluded that in light of the financial analyses previously discussed with Goldman Sachs, among other factors, it was not prepared to indicate to Bain that a price lower than $54 per share would be acceptable to it and determined to allow Bain additional time to submit a revised proposal more consistent with its view of the level of a compelling price. The special committee directed Goldman Sachs to convey this information to Bain.

At a meeting of the special committee held by telephone on July 24, 2007, the special committee and its legal and financial advisors discussed the fact that Bain had not submitted a revised proposal to acquire the Company. The special committee and its legal and financial advisors discussed the merits of further examining the sale alternative and the special committee determined that it was in the best interests of the Company and its stockholders to continue to do so. Consistent with the special committee s desire to maintain confidentiality on behalf of the Company, the special committee determined to contact, through Goldman Sachs, a limited number of potentially interested parties, which it directed Goldman Sachs to do. In addition, it directed Goldman Sachs to inform Bain that it was approaching other potentially interested parties on behalf of the special committee.

On July 25, 2007, representatives of Goldman Sachs informed Bain that the special committee would be approaching additional potentially interested parties to determine their respective levels of interest in acquiring the Company. On July 25 and 26, 2007, representatives of Goldman Sachs and a representative of Shearman & Sterling approached four potential purchasers regarding a potential transaction involving the Company, each of which executed confidentiality agreements. Shortly thereafter, one of the potential purchasers which had executed a confidentiality agreement indicated it was not interested in exploring a potential transaction involving the Company.

On July 27, 2007, the special committee held an informational update call for the Independent Directors to discuss the status of its strategic review process.

Table of Contents

On August 8 and 15, 2007, each of the three remaining potential purchasers (other than Bain) separately met with management and representatives of Goldman Sachs for presentations by management regarding the Company, its business model and its historical and five-year projected financial performance. On August 16, 2007, one of the potential purchasers which met with management the prior day indicated to Goldman Sachs it was not interested in exploring a potential transaction involving the Company, and on August 21, 2007 one other potential purchaser also indicated it had no further interest in a potential transaction.

A meeting of the special committee was held by telephone on September 13, 2007. At the meeting, the special committee discussed with its legal and financial advisors the status of discussions with the additional potential purchasers since the last meeting of the special committee. The special committee s legal and financial advisors noted that, of the four potential purchasers who were approached on July 25 and 26, 2007 and who had entered into confidentiality agreements with the Company, three had attended management presentations and one (Potential Purchaser One) remained interested in pursuing a possible leveraged acquisition of the Company. A representative of Goldman Sachs also informed the special committee that Potential Purchaser One was continuing to conduct its due diligence review of the Company. The special committee and its legal and financial advisors also discussed the fact that Bain had not submitted a revised proposal with respect to a possible transaction. The special committee therefore concluded that it would be in the best interests of the Company to permit Mr. Bekenstein to participate in the process on behalf of Bain and to ask Mr. Bekenstein to discuss with senior personnel of Bain whether Bain continued to be interested in acquiring the Company. A representative of Goldman Sachs informed the special committee that Potential Purchaser One had indicated to Goldman Sachs that, in light of the current state of the leveraged finance markets and Goldman Sachs familiarity with the Company, its ability to submit a proposal to acquire the Company at a value the special committee would find acceptable would be materially increased if Goldman Sachs were willing to provide debt financing in connection with a possible transaction. Following a discussion of the potential conflicts that might arise if affiliates of Goldman Sachs were to provide financing to a potential acquirer while also acting as a financial advisor to the special committee, as well as the benefits of such financing in light of the current state of the financing markets, the special committee requested that Goldman Sachs explore whether it would provide such financing and, if so, on what terms it would be prepared to do so. The special committee also discussed the desirability of obtaining an additional independent financial advisor in the event affiliates of Goldman Sachs were to provide such financing.

Thereafter, Bain indicated a renewed interest in a potential transaction and on September 20, 2007, representatives of Bain met with representatives of Goldman Sachs and management to provide Bain with an update of the Company s financial performance since the first quarter and to discuss other matters related to the Company. On the same day, management and representatives of Goldman Sachs discussed with Potential Purchaser One its additional requests for information.

A meeting of the special committee was held at The Inn at Harvard in Cambridge, Massachusetts on September 26, 2007. At the meeting, representatives of Goldman Sachs and management discussed with the special committee a recommendation from one of the Company s stockholders, received by the Company the prior month, that the Company engage in a leveraged recapitalization transaction. Representatives of Goldman Sachs and management discussed their views of the aggressiveness of the assumptions underlying the recommendation received from such stockholder and also discussed the status of Goldman Sachs review with management regarding a potential leveraged recapitalization of the Company. Following discussion, management left the meeting and representatives of Goldman Sachs discussed with the special committee its preliminary financial analyses relating to the enterprise value of the Company and a leveraged recapitalization analysis. Representatives of Goldman Sachs described the status of the respective due diligence reviews of the Company being conducted by Goldman Sachs Credit Partners L.P. and GS Mezzanine Partners V, L.P. (collectively, GS Finance), Bain and Potential Purchaser One. Goldman Sachs then reviewed for the special committee the status of the leveraged financing markets, the amount of debt a potential purchaser likely would need to complete an acquisition of the Company and GS Finance s ability to provide the debt

financing (the Special Factors Financing of the Merger) to a potential acquirer of the Company. Following discussion, the special committee requested that Goldman Sachs prepare for the special committee a formal proposal

Table of Contents

regarding the Financing. In light of the potential for conflicts resulting from the possibility that GS Finance might be a potential source of financing to a potential acquirer, the special committee determined it would be appropriate to engage an additional independent financial advisor.

A regularly scheduled meeting of the board of directors was held at the Harvard Faculty Club in Cambridge, Massachusetts on September 27, 2007. At an executive session of the meeting attended by the members of the board of directors other than Mr. Bekenstein, the special committee provided the board of directors with a general update regarding its strategic alternative review.

On October 17, 2007, the Company announced its preliminary operating results for the third quarter, which fell short of its previously issued earnings guidance for the third quarter of 2007.

At a telephonic meeting of the special committee held on October 18, 2007, a representative of Goldman Sachs discussed with the special committee the Company s preliminary third quarter operating results. Goldman Sachs then reviewed with the special committee the anticipated terms of the Financing, which were subject to the completion of GS Finance s review of the Company s third quarter results and the causes for the unexpected decline in operating results. After representatives of Goldman Sachs left the meeting, the special committee and its legal advisors discussed the terms and conditions of the Financing generally, including the fact that Goldman Sachs was not requesting a market out , as well as the possible benefits of a committed financing package to a sale process in light of the current adverse credit market for financing leveraged acquisitions. The special committee and its legal advisors also discussed whether it was an appropriate time to consider selling the Company in light of the Company s announced earnings shortfall for the third quarter, the impact the underlying causes of the shortfall may have on subsequent periods and the adverse financing market. The special committee determined that, prior to making any such determination, it required additional information regarding the value reasonably attainable in a potential sale of the Company. Accordingly, it determined to proceed with the process underway with Bain and Potential Purchaser One to determine the level of value that might be attainable for the stockholders in such a transaction and whether such a transaction was in the best interests of the Company. In light of the potential for conflicts resulting from the possibility that GS Finance might be a potential source of financing to a potential acquirer, the special committee determined to engage Evercore to act as an additional independent financial advisor.

On October 19, 2007, Evercore commenced its due diligence review of the Company, which included meetings and discussions with various members of management of the Company.

The special committee held a meeting in Alexandria, Virginia on November 6, 2007. At the outset of the meeting, management presented to the special committee an overview of the revisions to the Company s projected financial performance in light of the factors underlying the third quarter earnings shortfall, as well as of the steps that management was taking to address the underlying causes of such shortfall. Management stated that the shortfall in the third quarter net income reflected the impact of lower-than-projected enrollment gains in a select group of community-based and internationally located centers. Management noted that they did not believe the shortfall reflected any fundamental change in the business and that management believed that the fundamentals of the business continue to be strong. See Important Information About Bright Horizons Projected Financial Information. After management left the meeting, representatives of Goldman Sachs reviewed the terms of the Financing that GS Finance anticipated it would be able to offer to prospective acquirers. Representatives of Goldman Sachs also discussed with the special committee an update to the preliminary financial analyses that Goldman Sachs had reviewed with the special committee on June 13, 2007.

Also at the November 6, 2007 meeting, Evercore reviewed with the special committee its preliminary financial analyses of the Company and its preliminary evaluation of strategic alternatives available to the Company. Evercore discussed with the special committee its belief that steady continuation of the Company s growth rate would become

more challenging as the Company became larger. Evercore also discussed with the special committee a number of strategic acquirers and financial sponsors which could potentially be interested in pursuing a transaction with the Company and expressed its views regarding the relative levels of potential interest which could be expected from such parties as well as which of such parties, based on size and business interests, would be capable of such a transaction. Evercore also discussed with the special committee the uncertainty that any of the limited number of potential strategic acquirers of the Company would be

Table of Contents

interested in aggressively pursuing a transaction with the Company given, among other reasons, the size of the Company compared to such potential strategic acquirers and the mix of their respective businesses. Evercore also discussed with the special committee its view that the volatility of the Company s operating performance during the third quarter of the past two years, among other factors, was causing the Company s stock to trade at progressively lower multiples of the Company s earnings. Following a discussion of the strategic alternatives available to the Company, including the risks of disclosing sensitive Company information to competitors which were viewed as not likely to be interested in pursuing a transaction with the Company, the special committee concluded it would be in the best interests of the Company to approach additional financial sponsors to determine if they would make a proposal to acquire the Company. Accordingly, Evercore and Goldman Sachs discussed with the special committee additional financial sponsors that could be interested in making such a proposal. At the special committee s request, representatives of Goldman Sachs then left the meeting and Evercore reviewed with the special committee its independent analysis of the terms of the Financing. Evercore expressed its view that the terms of the Financing were generally favorable, particularly in light of the current state of the financing markets, and would be an asset in attracting a potential purchaser to make a proposal to purchase the Company. Evercore also indicated to the special committee that it did not believe the financing markets would in the foreseeable future become as favorable to borrowers as they had been during the first half of 2007. The special committee, Evercore and the special committee s legal advisors discussed the benefits and risks of continuing to explore a possible sale of the Company at this time, and the special committee determined to meet again the following morning.

The special committee held a meeting by telephone on the morning of November 7, 2007. Following discussion with its legal and financial advisors, the special committee discussed the benefits and risks of continuing to explore the sale of the Company and determined that it was in the best interests of the Company to continue to explore the possibility of a transaction with each of Bain and Potential Purchaser One. The special committee discussed the uncertainty that any of the limited number of potential strategic acquirers of the Company would be interested in aggressively pursuing a transaction with the Company, reviewed with Evercore and Goldman Sachs a list of additional financial sponsors and discussed with Goldman Sachs and Evercore which of such sponsors were likely to be most interested in and capable of making a proposal to acquire the Company. The special committee then directed Evercore and Goldman Sachs to contact such financial sponsors to determine their level of interest in a potential acquisition of the Company.

On November 8, 2007, GS Finance provided Potential Purchaser One and Bain the proposed terms of the Financing. On November 8 and 11, 2007, as directed by the special committee, Evercore and Goldman Sachs contacted three financial sponsors as additional potential purchasers to determine whether they would be interested in exploring a possible acquisition of the Company. Shortly thereafter, two of those potential purchasers indicated to Evercore and Goldman Sachs that they were not interested in pursuing a possible acquisition transaction involving the Company. The third potential purchaser contacted during that period (Potential Purchaser Two) executed a confidentiality agreement, commenced a due diligence review of the Company and reviewed the proposed terms of the Financing.

On November 12, 2007, GS Finance discussed with Bain the proposed terms of the Financing. On November 15, 2007, management and representatives of Evercore and Goldman Sachs discussed with Bain the Company s third quarter financial performance.

On November 12, 2007, the special committee held an informational update call for the Independent Directors to discuss the status of its process to review a possible sale transaction.

On November 16, 2007, representatives of Goldman Sachs discussed the proposed terms of the Financing with Potential Purchaser One.

On November 20, 2007, Potential Purchaser Two met with management, Evercore and Goldman Sachs for a presentation by management regarding the Company, its business model and its historical and five-year projected financial performance.

Table of Contents

At a meeting of the special committee held by telephone on November 30, 2007, representatives of Goldman Sachs informed the special committee of changes to the terms of the Financing that resulted from further deterioration in the financial markets since the special committee s November 6, 2007 meeting. Representatives of Evercore and Goldman Sachs reviewed with the special committee their recent discussions with Potential Purchaser One, including Potential Purchaser One s determination that it would not be able to offer a price per share above the mid-$40s. Following discussion, and as a means to continue discussions with Potential Purchaser One, the special committee directed Evercore and Goldman Sachs to discuss with Potential Purchaser One alternative transaction structures that might enable Potential Purchaser One to offer value to the Company s stockholders above the mid-$40s per share. Evercore and Goldman Sachs also discussed the status of discussions with Potential Purchaser Two. After further discussion, the special committee directed Evercore and Goldman Sachs to inform each of Bain, Potential Purchaser One and Potential Purchaser Two that it should submit a proposal regarding a potential acquisition of the Company by December 17, 2007.

A meeting of the special committee was held by telephone on December 5, 2007. At the meeting, representatives of Evercore and Goldman Sachs summarized their recent discussions with each of Bain, Potential Purchaser One and Potential Purchaser Two. Evercore and Goldman Sachs informed the special committee that a potential source of debt financing (other than GS Finance) which had been approached by Bain had informed Bain that it would not make any financing commitments for the remainder of 2007 in light of current conditions in the financing markets. The special committee s financial advisors also reported that Potential Purchaser One had indicated to them that Potential Purchaser One would not likely improve upon the price per share in the mid-$40s that it had previously discussed with Goldman Sachs and that it was unlikely to submit a proposal on December 17, 2007. Evercore also informed the special committee that, based on its discussions with Potential Purchaser Two, Potential Purchaser Two was unlikely to submit a proposal to acquire the Company at a price per share above the mid-$40s. Shearman & Sterling then reviewed with the special committee the terms of a draft merger agreement to be submitted to prospective acquirers, including a go-shop provision that would allow the Company actively to solicit alternative proposals for the acquisition of the Company for a period of 60 days following the execution of the merger agreement. The special committee discussed the proposed terms and determined that the draft merger agreement should be submitted to the prospective purchasers for their comment in connection with submitting their proposals on December 17, 2007.

On December 10 and 11, 2007, representatives of Bain held a number of calls with representatives of Evercore, Goldman Sachs and management to discuss additional due diligence matters.

At a regularly scheduled meeting of the board of directors on December 13, 2007, the board of directors met in executive session without the Interested Directors and with the special committee s legal and financial advisors for an update for the Independent Directors regarding the special committee s evaluation of strategic alternatives available to the Company.

On December 17, 2007, the special committee received a written proposal from Bain to acquire the Company at a price per share of $47.00, subject to negotiation of acceptable definitive agreements and the ability of Bain to negotiate the Financing with GS Finance on acceptable terms. No other party submitted a proposal.

At a meeting of the special committee held by telephone on December 18, 2007, the special committee and its legal and financial advisors discussed the details of Bain s proposal. Shearman & Sterling reviewed with the special committee the issues that Bain raised with the terms of the draft merger agreement previously sent to them. Following discussion, the special committee determined it would not accept Bain s proposal of $47.00 per share and directed Evercore and Goldman Sachs to request an improved purchase price from Bain, as well as further explanation of certain issues raised by Bain regarding the draft merger agreement. The special committee stipulated that Bain should respond to this request before 5:00 p.m. that afternoon, so that the special committee could present Bain s revised proposal to the Independent Directors at an informational update call scheduled for that evening.

Later the same day, following communication of the special committee s request, representatives of Bain contacted representatives of Evercore and Goldman Sachs and informed them that Bain would be willing to

Table of Contents

submit a proposal for a sale of the Company at $47.75 per share. The Bain representatives further indicated that Bain would be willing to agree to a 60-day go-shop right on the part of the Company.

On December 18, 2007, the special committee held an informational update call for the Independent Directors to discuss the status of its discussions with Bain. During this informational update call, representatives of Evercore and Goldman Sachs reviewed for the Independent Directors the process that the special committee had undertaken to date. Through its advisors, the special committee had contacted eight potential purchasers, of which six had executed confidentiality agreements, four had conducted due diligence investigations with respect to the Company, and one (Bain) had submitted a proposal on December 17, 2007 to acquire the Company for $47.00 per share. The special committee reported to the Independent Directors that it had rejected Bain s $47.00 per share proposal and relayed the fact that, shortly before the start of the meeting, Bain had indicated its willingness to submit a proposal at $47.75 per share. Following discussion, the other Independent Directors left the call and the special committee commenced a meeting. The special committee discussed Bain s revised price, including its willingness to agree to a 60-day go-shop right on the part of the Company. The special committee s financial advisors also updated the special committee regarding the state of Bain s negotiations with GS Finance regarding the amount and terms of the Financing. Following discussions, the special committee directed Evercore and Goldman Sachs to inform Bain that the special committee would not agree to a transaction at $47