BRIGHT HORIZONS FAMILY SOLUTIONS INC.
Form 424B7
December 10, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(7)
File No. 333-194790

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to the securities has become effective under the Securities Act of 1933, as amended. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated December 10, 2014

Prospectus Supplement to Prospectus dated March 25, 2014

8,000,000 Shares

Bright Horizons Family Solutions Inc.

Common Stock

The selling stockholders named in this prospectus supplement are offering 8,000,000 shares of our common stock. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

Subject to the completion of this offering, we have agreed to purchase from the underwriter 4,500,000 shares of our common stock that are subject to this offering at a price per share equal to the price per share paid by the underwriter to the selling stockholders in this offering.

Our common stock is listed on the New York Stock Exchange under the symbol BFAM. On December 9, 2014, the last sale price of our common stock as reported on the New York Stock Exchange was $45.59 per share.

Investing in our common stock involves substantial risk. Please read Risk Factors beginning on page S-11.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per share	Total
Public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to selling stockholders, before expenses	$	$

(1) We have agreed to reimburse the underwriter for certain expenses in connection with this offering. See Underwriting. No underwriting discounts or commissions are payable in respect of the shares being acquired by us.

The underwriter expects to deliver the shares against payment in New York, New York on or about , 2014.

Barclays

Prospectus supplement dated , 2014

Table of Contents

Table of contents

Prospectus Supplement

Prospectus

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

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to the Company, Bright Horizons, we, us and our refer to Bright Horizons Family Solutions Inc. and its consolidated subsidiaries.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this common stock offering and certain other matters relating to us, our business and prospects. The second part, the accompanying prospectus, contains a description of our common stock and certain other information.

The information contained in this prospectus supplement may add, update or change information contained in the accompanying prospectus or in documents that we file or have filed with the Securities and Exchange Commission (SEC). To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference filed before the date of this prospectus supplement, the information in this prospectus supplement will supersede such information.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus supplement, the accompany prospectus and the financial data and related notes and other information incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our common stock.

Our Company

We are a leading provider of high-quality child care and early education services as well as other services designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of September 30, 2014, we had more than 900 client relationships with employers across a diverse array of industries, including more than 130 Fortune 500 companies and more than 80 of Working Mother magazine s 2014 100 Best Companies for Working Mothers. Our service offerings include:

- Center-based full service child care and early education (representing approximately 86% of our revenue in the year ended December 31, 2013);
- Back-up dependent care; and
- Educational advisory services.

We believe we are a provider of choice for each of the solutions we offer. As of September 30, 2014, we operated a total of 876 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 99,900 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of approximately 95% among respondents in our employer and parent satisfaction surveys over each of the past five years and an annual client retention rate of 97% for employer-sponsored centers over each of the past ten years.

We have a more than 25-year track record of providing high-quality services and a history of strong financial performance. From 2001 through 2013, we have achieved year-over-year revenue and adjusted EBITDA growth at a compound annual growth rate of 11% for revenue and 18% for adjusted EBITDA. We also achieved year-over-year net income growth at a compound annual growth rate of 23% from 2001 to 2007. In 2008 through 2010, we incurred net losses due primarily to the additional debt service obligations and amortization expense incurred in connection with our going private transaction. In 2011, 2012 and 2013, our net income grew $14.8 million, $3.7 million and $3.8 million, respectively, over the prior year to $4.8 million, $8.5 million and $12.3 million, respectively. For the nine months ended September 30, 2014, our net income grew $64.4 million to $53.1 million over the prior nine month period. Our strong revenue growth has been driven by additions to our center base through organic center growth and acquisitions, expansions of our service offerings to back-up dependent care and educational advisory services and consistent annual tuition increases. We have also increased our adjusted EBITDA margin in each year from 2001 through 2013. For the years ended December 31, 2012 and 2013 and the nine months ended September 30, 2014, we generated revenue of $1.07 billion, $1.22 billion and $1.02 billion, net income of $8.5 million, $12.3 million, which included a loss on extinguishment of debt of $63.7 million related to our debt refinancing in January 2013, and $53.1 million, adjusted EBITDA of $180.9 million, $208.5 million and $177.1 million and adjusted net income

Table of Contents

of $37.8 million, $78.3 million and $71.5 million, respectively. Additional information regarding adjusted EBITDA and adjusted net income, including a reconciliation of adjusted EBITDA and adjusted net income to net income, is included in the Summary Consolidated Financial and Other Data in this prospectus supplement and the Management s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 25, 2014 and the Management s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, filed with the SEC on November 7, 2014.

Incremental Term Loan

On December 9, 2014, we entered into an incremental joinder to our senior credit facility that provides us with an aggregate principal amount of $165 million in additional term loan borrowings. See Risk factors Our substantial indebtedness could adversely affect our financial condition.

Share Repurchase

We intend to purchase from the underwriter 4,500,000 shares of our common stock that are subject to this offering at a price per share equal to the price per share paid by the underwriter to the selling stockholders in this offering. We refer to this repurchase as the share repurchase. The share repurchase is part of our existing $225 million equity repurchase program approved by our board of directors on March 28, 2014. After giving effect to the share repurchase, we will have remaining authorization to repurchase up to approximately $ million of our common stock under the repurchase program. We intend to fund the share repurchase with cash on hand and with borrowings under our incremental term loan facility. The closing of the share repurchase is contingent on the closing of this offering.

The description and the other information in this prospectus supplement regarding the share repurchase is included in this prospectus supplement solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any of our common stock subject to the share repurchase.

Corporate Information

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

Table of Contents

The Offering

Common stock offered by the selling stockholders	8,000,000 shares
Use of proceeds	We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders.
Dividend policy	We do not currently pay cash dividends on our common stock.
Share repurchase	Subject to completion of this offering, we have agreed to repurchase 4,500,000 shares of our common stock that are subject to this offering from the underwriter at a price per share equal to the price paid by the underwriter to the selling stockholders in this offering. The closing of the share repurchase is contingent on the closing of this offering. The share repurchase was approved by a special committee of our Board, which is comprised entirely of disinterested directors.
Principal stockholders	Upon completion of this offering, investment funds affiliated with the Sponsor will no longer beneficially own a majority controlling interest in us. As a result, we will no longer be able to avail ourselves of the controlled company exception under the New York Stock Exchange listing rules.
Risk factors	You should read carefully the information set forth under Risk Factors herein and in the accompanying prospectus for a discussion of factors that you should consider before deciding to invest in our common stock.
New York Stock Exchange Trading symbol	BFAM

Table of Contents

Summary Consolidated Financial and Other Data

The following table sets forth our summary historical and unaudited pro forma consolidated financial data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2012 and 2013 and for the three years in the period ended December 31, 2013 presented in this table have been derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary historical financial data as of September 30, 2014 and for the nine months ended September 30, 2013 and September 30, 2014 have been derived from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary consolidated balance sheet data as of September 30, 2013 has been derived from our unaudited consolidated financial statements as of such date, which are not incorporated by reference into this prospectus supplement or the accompanying prospectus. The summary consolidated balance sheet data as of December 31, 2011 has been derived from our audited consolidated financial statements for such year, which are not incorporated by reference in this prospectus supplement or the accompanying prospectus. The unaudited consolidated financial data have been prepared on the same basis as our audited consolidated financial statements, and, in our opinion, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations, and cash flows have been included. The results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. Historical results are not necessarily indicative of the results to be expected for future periods. The data in the following table related to adjusted EBITDA, adjusted income from operations, adjusted net income, child care and early education centers and licensed capacity are unaudited for all periods presented.

The unaudited pro forma consolidated statement of operations data for the year ended December 31, 2013 and for the nine months ended September 30, 2014 have been derived from our historical financial statements for such year and period, which are incorporated by reference in this prospectus supplement and the accompanying prospectus, after giving effect to the transactions specified in note 1 below.

This summary historical consolidated financial and other data should be read in conjunction with the disclosures set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto, both of which can be found in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, both of which are incorporated by reference herein.

Table of Contents

	Years Ended December 31,			Nine Months Ended September 30,	
	2011	2012	2013	2013	2014
	(In thousands, except share and operating data)				
Consolidated Statement of Operations Data:					
Revenue	$ 973,701	$ 1,070,938	$ 1,218,776	$ 899,599	$ 1,015,231
Cost of services	766,500	825,168	937,840	689,879	782,107
Gross profit	207,201	245,770	280,936	209,720	233,124
Selling, general and administrative expenses	92,938	123,373	141,827	109,048	101,464
Amortization of intangible assets	27,427	26,933	30,075	22,049	22,068
Income from operations	86,836	95,464	109,034	78,623	109,592
Gains from foreign currency transactions	835	-	-	-	-
Loss on extinguishment of debt	-	-	(63,682)	(63,682)	-
Interest income	824	152	85	76	74
Interest expense	(82,908)	(83,864)	(40,626)	(31,463)	(25,810)
Net interest expense and other	(81,249)	(83,712)	(104,223)	(95,069)	(25,736)
Income (loss) before income taxes	5,587	11,752	4,811	(16,446)	83,856
Income tax (expense) benefit	(825)	(3,243)	7,533	5,114	(30,715)
Net income (loss)	4,762	8,509	12,344	(11,332)	53,141
Net income (loss) attributable to non-controlling interest	3	347	(279)	(212)	-
Net income (loss) attributable to Bright Horizons Family Solutions Inc.	$ 4,759	$ 8,162	$ 12,623	$ (11,120)	$ 53,141
Accretion of Class L preference	71,568	79,211	-	-	-
Accretion of Class L preference for vested options	1,274	5,436	-	-	-
Net (loss) income available to common shareholders	$ (68,083)	$ (76,485)	$ 12,623	$ (11,120)	$ 53,141
Allocation of net income (loss) to common stockholders basic and diluted:					
Class L	$ 71,568	$ 79,211	$ -	$ -	$ -
Common	$ (68,083)	$ (76,485)	$ 12,623	$ (11,120)	$ 52,936
Earnings (loss) per share:					
Class L basic and diluted	$ 54.33	$ 59.73	$ -	$ -	$ -
Common basic	$ (11.32)	$ (12.62)	$ 0.20	$ (0.18)	$ 0.81
Common diluted	$ (11.32)	$ (12.62)	$ 0.20	$ (0.18)	$ 0.79
Weighted average shares outstanding:					
Class L basic and diluted	1,317,273	1,326,206	-	-	-
Common basic	6,016,733	6,058,512	62,659,264	61,815,607	65,755,911
Common diluted	6,016,733	6,058,512	64,509,036	61,815,607	67,433,972
Pro Forma Consolidated Statements of Operations Data: (1)					
Pro forma net income			$ 59,813		$ 49,510
Pro forma earnings per share:					
Basic			$ 0.92		$ 0.75
Diluted			$ 0.90		$ 0.73
Pro forma weighted average shares outstanding					
Basic			64,823,660		65,755,911
Diluted			66,673,432		67,433,972
Consolidated Balance Sheet Data (at period end):					
Total cash and cash equivalents	$ 30,448	$ 34,109	$ 29,585	$ 35,010	$ 109,008
Total assets	1,771,164	1,916,108	2,102,670	2,087,767	2,153,838
Total liabilities, excluding debt	389,986	401,125	449,310	443,680	440,809
Total debt, including current maturities	799,257	906,643	764,223	786,044	760,557
Total redeemable non-controlling interest	15,527	8,126	-	8,093	-
Class L common stock	772,422	854,101	-	-	-
Total stockholders equity (deficit)	(206,028)	(253,887)	889,137	849,950	952,472

Other Financial and Operating Data:					
Adjusted EBITDA(2)(4)	148,519	180,851	208,541	155,163	177,068
Adjusted income from operations(2)	86,836	112,482	126,850	95,249	110,142
Adjusted net income(2)(4)	23,413	37,807	78,260	57,106	71,535
Diluted adjusted earnings per pro forma common share(3)(4)			$ 1.19	$ 0.87	$ 1.06
Capital expenditures	42,517	69,086	69,509	55,159	47,953
Child care and early education centers (at period end)	743	765	880	880	876
Licensed capacity (at period end)	83,400	87,100	99,700	99,400	99,900

Table of Contents

(1) The pro forma consolidated statement of operations data for fiscal 2013 gives effect to (a) the conversion of our Class L common stock into Class A common stock and the reclassification of our Class A common stock into common stock in connection with our initial public offering, (b) the issuance of common stock in our initial public offering, including the exercise by the underwriters of that offering of their option to purchase additional shares, and the application of the net proceeds to the repayment of the 13% senior notes, (c) performance-based compensation expense for stock options that vested upon the initial public offering, (d) the termination of our management agreement with the Sponsor in connection with the initial public offering and (e) the refinancing of all of our remaining debt as of January 30, 2013 as if each had occurred on the first day of the period presented, and also reflects the income tax expense using the estimated rate that would have been in effect after considering the foregoing adjustments, which was approximately 36% for the year ended December 31, 2013. The pro forma consolidated statement of operations data for the nine months ended September 30, 2014 gives effect to the December 9, 2014 incremental term loan as if it had occurred on the first day of the period presented. The above adjustments are illustrated in the following table (in thousands, except share data):

	Year Ended December 31, 2013	Nine Months Ended September 30, 2014
Net income attributable to Bright Horizons Family Solutions Inc.	$ 12,623	$ 53,141
Interest on 13.0% senior notes	2,143	-
Performance-based stock compensation expense	4,968	-
Sponsor management fee	7,674	-
Loss on extinguishment of debt	63,682	-
Reduction in interest expense as a result of refinancing	2,368	-
Increase in interest expense as a result of additional debt	-	(5,729)
Tax effect	(33,645)	2,098
Pro forma net income	$ 59,813	$ 49,510
Weighted average number of common shares outstanding, basic	62,659,264	65,755,911
Conversion of Class L common stock	46,708,475	-
Class L common shares converted and already included in weighted average common shares	(45,410,996)	-
Shares issued in initial public offering	11,615,000	-
Shares issued in initial public offering already included in weighted average shares outstanding	(10,748,083)	-
Pro forma weighted average number of common shares outstanding, basic	64,823,660	65,755,911
Weighted average number of common shares outstanding, diluted	64,509,036	67,433,972
Conversion of Class L common stock	46,708,475	-
Class L common shares converted and already included in weighted average common shares	(45,410,996)	-
Shares issued in initial public offering	11,615,000	-
Shares issued in initial public offering already included in weighted average shares outstanding	(10,748,083)	-
Pro forma weighted average number of common shares outstanding, diluted	66,673,432	67,433,972

S-6

Table of Contents

(2) Adjusted EBITDA, adjusted income from operations and adjusted net income, as presented below, are metrics used by management to measure operating performance. Adjusted EBITDA represents our earnings before interest, taxes, depreciation, amortization, loss on extinguishment of debt, straight line rent expense, stock compensation expense, the Sponsor management fee and acquisition-related costs. Adjusted income from operations represents income from operations before stock compensation expense, the sponsor management fee and acquisition-related costs. Adjusted net income represents our net income (loss) determined in accordance with generally accepted accounting principles in the United States, or GAAP, adjusted for stock compensation expense, amortization expense, the sponsor management fee and the income tax benefit thereon.

	Years Ended December 31,			Nine Months Ended September 30,	
	2011	**2012**	**2013**	**2013**	**2014**
			(In thousands)		
Net income (loss)	$ 4,762	$ 8,509	$ 12,344	$ (11,332)	$ 53,141
Interest expense, net	82,084	83,712	40,541	31,387	25,736
Income tax expense (benefit)	825	3,243	(7,533)	(5,114)	30,715
Depreciation	28,024	34,415	42,733	31,264	36,264
Amortization of intangible assets(a)	27,427	26,933	30,075	22,049	22,068
EBITDA	143,122	156,812	118,160	68,254	167,924
Additional adjustments:					
Loss on extinguishment of debt(b)	-	-	63,682	63,682	-
Deferred rent(c)	1,739	2,142	2,985	1,867	2,132
Stock compensation expense(d)	1,158	17,596	10,692	9,528	6,462
Sponsor management fee(e)	2,500	2,500	7,674	7,674	-
Expenses related to the initial and secondary public offerings and refinancing	-	1,801	1,336	647	550
Acquisition-related costs(f)	-	-	4,012	3,511	-
Total adjustments	5,397	24,039	90,381	86,909	9,144
Adjusted EBITDA	**$ 148,519**	**$ 180,851**	**$ 208,541**	**$ 155,163**	**$ 177,068**
Income from operations	$ 86,836	$ 95,464	$ 109,034	$ 78,623	$ 109,592
Stock compensation expense for performance-based awards (2013) and effect of option modification (2012)(d)	-	15,217	4,968	4,968	-
Sponsor termination fee(e)	-	-	7,500	7,500	-
Expenses related to the initial and secondary public offerings and refinancing	-	1,801	1,336	647	550
Acquisition-related costs(f)	-	-	4,012	3,511	-
Adjusted income from operations	**$ 86,836**	**$ 112,482**	**$ 126,850**	**$ 95,249**	**$ 110,142**
Net income (loss)	$ 4,762	$ 8,509	$ 12,344	$ (11,332)	$ 53,141
Income tax expense (benefit)	825	3,243	(7,533)	(5,114)	30,715
Income (loss) before tax	5,587	11,752	4,811	(16,446)	83,856
Stock compensation expense(d)	1,158	17,596	10,692	9,528	6,462
Sponsor management fee(e)	2,500	2,500	7,674	7,674	-
Amortization of intangible assets(a)	27,427	26,933	30,075	22,049	22,068
Expenses related to initial and secondary public offerings and refinancing	-	1,801	1,336	647	550
Acquisition-related costs(f)	-	-	4,012	3,511	-
Loss on extinguishment of debt(b)	-	-	63,682	63,682	-
Adjusted income before tax	36,672	60,582	122,282	90,645	112,936

Adjusted income tax expense(g)	(13,259)	(22,775)	(44,022)	(33,539)	(41,401)
Adjusted net income	**$ 23,413**	**$ 37,807**	**$ 78,260**	**$ 57,106**	**$ 71,535**

Table of Contents

(a) Represents amortization of intangible assets, including approximately $20.1 million in the years 2013, 2012 and 2011 and $15.0 million for the nine months ended September 30, 2014 and 2013, associated with intangible assets recorded in connection with our going private transaction in May 2008.
(b) Represents redemption premiums and write off of unamortized debt issue costs and original issue discount associated with indebtedness that was repaid in connection with a refinancing.
(c) Represents rent in excess of cash paid for rent, recognized on a straight line basis over the lease life in accordance with ASC Topic 840, *Leases*.
(d) Represents non-cash stock-based compensation expense, including performance-based stock compensation expense.
(e) Represents fees paid to our Sponsor under a management agreement, including the Sponsor termination fee.
(f) Represents costs associated with the acquisition of businesses.
(g) Represents income tax expense using the estimated rate that would have been in effect after considering the adjustments, which was between approximately 36% and 38% for the years ended December 31, 2011, 2012 and 2013 and the nine month ended September 30, 2013 and 2014.

(3) Diluted adjusted earnings per pro forma common share is calculated as follows:

	Year Ended December 31, 2013	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2014
Diluted adjusted earnings per pro forma common share:			
Adjusted net income (in thousands)	$ 78,260	$ 57,106	$ 71,535
Pro forma weighted average number of common shares diluted:			
Weighted average number of Class L shares over period in which Class L shares were outstanding	1,327,115	1,327,115	-
Adjustment to weight Class L shares over respective period(a)	(1,290,251)	(1,277,963)	-
Weighted average number of Class L shares over period	36,864	49,152	-
Class L conversion factor	35.1955	35.1955	35.1955
Weighted average number of converted Class L common shares	1,297,479	1,729,929	-
Weighted average number of common shares	62,659,264	61,815,607	65,755,911
Pro forma weighted average number of common shares basic	63,956,743	63,545,536	65,755,911
Incremental dilutive shares(b)	1,849,772	1,860,276	1,678,061
Pro forma weighted average number of common shares diluted	65,806,515	65,405,812	67,433,972
Diluted adjusted earnings per pro forma common share	$ 1.19	$ 0.87	$ 1.06

(a) The weighted average number of Class L shares in the actual Class L earnings per share calculation represents the weighted average from the beginning of the period up through the date of conversion of the Class L shares into common shares. As such, the pro forma weighted average number of common shares for the nine months ended September 30, 2013 and year ended December 31, 2013 includes an adjustment to the weighted average number of Class L shares outstanding to reflect the length of time the Class L shares were outstanding prior to conversion relative to the year. The converted Class L shares are already included in the weighted average number of common shares outstanding for the period after their conversion.

(b) Represents the dilutive effect of stock options using the treasury stock method.

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

We present adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per pro forma common share as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under GAAP, while isolating the effects of some items that vary from period to period. Specifically, adjusted EBITDA allows for an assessment of our operating performance and of our ability to service or incur indebtedness without the effect of non-cash charges, such as depreciation, amortization, the excess of rent expense over cash rent expense and stock compensation expense, and the effect of fees associated with our Sponsor management agreement, which was terminated in connection with the completion of our initial public offering on January 30, 2013, as well as the expenses related to the acquisition of businesses. In addition, adjusted income from operations and adjusted net income allow us to assess our performance without the impact of the specifically identified items that we believe do not directly reflect our core operations. These measures also function as benchmarks to evaluate our operating performance.

This prospectus supplement also includes information concerning adjusted EBITDA margin, which is defined as the ratio of adjusted EBITDA to revenue. We present adjusted EBITDA margin because it is used by management as a performance measurement to judge the level of adjusted EBITDA generated from revenue. We believe its inclusion is appropriate to provide additional information to investors and other external users of our financial statements. Adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per pro forma common share are not measurements of our financial performance under GAAP and should not be considered in isolation or as an alternative to income before taxes, net income, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. We understand that although adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per pro forma common share are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per pro forma common share do not fully reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;

Table of Contents

- adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per pro forma common share do not reflect changes in, or cash requirements for, our working capital needs;

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

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and,

- adjusted EBITDA, adjusted income from operations, adjusted net income and diluted adjusted earnings per pro forma common share do not reflect any cash requirements for such replacements.

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

Table of Contents

RISK FACTORS

An investment in our common stock involves various risks. You should carefully consider the following risks and all of the other information contained in this prospectus supplement and the accompanying prospectus before investing in our common stock. In addition, you should read and consider the risk factors associated with our business included in the documents incorporated by reference in this prospectus supplement, including our Annual Report on Form 10-K for the year ended December 31, 2013. See Where You Can Find More Information. The risks described below and incorporated herein by reference are those which we believe are the material risks that we face. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment in our common stock.

Risks Related to Our Common Stock and this Offering

Upon completion of this offering, we will no longer be a controlled company within the meaning of the New York Stock Exchange listing rules. However, we may continue to rely on exemptions from certain corporate governance requirements during a one year transition period.

After the completion of this offering, our Sponsor will no longer control a majority of the voting power of our outstanding common stock. As a result, we will no longer be a controlled company under the New York Stock Exchange rules. Consequently, under the NYSE corporate governance rules, we will be required to comply with certain corporate governance requirements including:

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

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

Further, certain provisions of our certificate of incorporation and bylaws will be automatically triggered when our Sponsor beneficially owns less than 50% of our outstanding shares, including the need for supermajority approval to amend, alter, change or repeal specified provisions of our certificate of incorporation and bylaws, a prohibition on the ability of our stockholders to act by written consent and certain limitations on the ability of our stockholders to call a special meeting. See Description of Capital Stock in the accompanying prospectus.

Table of Contents

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

Since completing our initial public offering in January 2013, the price of our common stock, as reported on the New York Stock Exchange, has ranged from a low of $27.50 on January 25, 2013 to a high of $45.83 on December 9, 2014. In addition, the stock market in general has been highly volatile. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our operating performance or prospects, and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere in this prospectus supplement or the accompanying prospectus and others such as:

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

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

Our substantial indebtedness could adversely affect our financial condition.

We have a significant amount of indebtedness. As of September 30, 2014, we had total indebtedness of $760.6 million, excluding approximately $1.0 million of undrawn letters of credit. On December 9, 2014, we entered into an incremental joinder to our senior credit facility that provides us with an aggregate principal amount of $165 million in additional term loan borrowings. We intend to use a portion of the proceeds of our incremental term loan to repurchase shares in this offering. Our high level of debt could have important consequences, including:

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

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

- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior credit facilities, are at variable rates of interest;

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

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

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

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

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

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

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

As of November 28, 2014, there were 65,990,818 shares of common stock outstanding. Of our issued and outstanding shares, all the common stock sold in our initial public offering, in the offering by certain selling shareholders completed in June 2013 (the June 2013 follow-on offering), in the offering by certain selling shareholders completed in March 2014 (the March 2014 follow-on offering) or this offering will be freely transferable, except for any shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act. Following completion of this offering based on the shares outstanding as of November 28, 2014, and after giving effect to the share repurchase, approximately 46.2% of our outstanding common stock will be beneficially owned by investment funds affiliated with the Sponsor and members of our management and employees.

Each of our directors, executive officers and significant equity holders (including affiliates of the Sponsor) has entered into a lock-up agreement with the underwriter, which regulates their sales of our common stock for a period of 45 days after the date of this prospectus supplement, subject to certain exceptions (including contributions to charitable organizations which may freely resell the contributed shares and up to 199,945 shares which may be transferred by directors and officers pursuant to trading plans established prior to the date of this prospectus supplement under Rule 10b5-1 under the Exchange Act).

Table of Contents

Sales of substantial amounts of our common stock in the public market after this offering, or the perception that such sales will occur, could adversely affect the market price of our common stock and make it difficult for us to raise funds through securities offerings in the future. Of the shares to be outstanding after the offering, the shares sold in our initial public offering, the shares sold in the June 2013 follow-on offering, the shares sold in the March 2014 follow-on offering and the shares offered by this prospectus supplement will be eligible for immediate sale in the public market without restriction by persons other than our affiliates. Our remaining outstanding shares will become available for resale in the public market as shown in the chart below, subject to the provisions of Rule 144 and Rule 701.

Number of Shares	Date Available for Resale
1,797,173	On the date of this offering
26,917,489	45 days after the date of this offering (January 24, 2015), subject to certain exceptions and automatic extensions in certain circumstances

Beginning 45 days after this offering, subject to certain exceptions, holders of shares of our common stock may require us to register their shares for resale under the federal securities laws, and holders of additional shares of our common stock would be entitled to have their shares included in any such registration statement, all subject to reduction upon the request of the underwriters of the offering, if any. Registration of those shares would allow the holders to immediately resell their shares in the public market. Any such sales or anticipation thereof could cause the market price of our common stock to decline.

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

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

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

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

Our certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our by-laws, or (iv) any other action asserting a claim against us that is governed by

Table of Contents

the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. This choice of forum provision may limit a stockholder s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

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

If you purchase shares of our common stock in this offering, you will incur immediate and substantial dilution in the pro forma book value of your stock of $57.35 per share based on an assumed public offering price of $45.59 (the closing price of our common stock on December 9, 2014) because the price that you pay will be substantially greater than the net tangible book value deficiency per share of the shares you acquire. You will experience additional dilution upon the exercise of options and warrants to purchase our common stock, including those options currently outstanding and those granted in the future, and the issuance of restricted stock or other equity awards under our stock incentive plans. To the extent we raise additional capital by issuing equity securities, our stockholders will experience substantial additional dilution.

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

Upon completion of this offering, we will no longer be controlled by the Sponsor. However, upon completion of this offering, based on the 65,990,818 shares of common stock outstanding as of November 28, 2014, and after giving effect to the Share repurchase, investment funds affiliated with the Sponsor will beneficially own approximately 42.4% of our outstanding common stock. For as long as the Sponsor continues to beneficially own a substantial percentage of the voting power of our common stock, it will be able to influence the election of the members of our board of directors and could also have some influence over our business and affairs, including any determinations with respect to mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional common stock or other equity securities, the repurchase or redemption of common stock and the payment of dividends.

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

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

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

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- changes in the demand for child care and other dependent care services;
- our ability to hire and retain qualified teachers;
- that the terms of our indebtedness could restrict our current and future operations;
- the possibility that acquisitions may disrupt our operations and expose us to additional risk;
- our reliance on the expertise of operating staff, especially in international markets;
- the possibility that adverse publicity would have a negative impact on the demand for our services and the value of our brand;
- the possibility that our business activities subject us to litigation risks that could result in significant money or reputational damages;
- our ability to pass on our increased costs;
- changes in our relationships with employer sponsors;
- our ability to obtain and maintain adequate insurance coverage at a reasonable cost;
- changes in laws or regulations that govern our business;
- our ability to withstand seasonal fluctuations in the demand for our services;

- our ability to retain and attract key management and key employees;
- significant competition within our industry;
- our ability to implement our growth strategies successfully;
- our susceptibility to the economic impact of governmental or universal child care programs in the countries in which we operate;
- breaches in data security; and
- the impact of a regional or global health pandemic or other catastrophic event.

Important factors that could cause actual results to differ materially from our expectations are more fully described in our other filings with the SEC, including in the Risk Factors section in our

Annual Report on Form 10-K for the year ended December 31, 2013, and our subsequent filings with the SEC, incorporated by reference in this prospectus supplement. See Where You Can Find More Information.

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

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

Table of Contents

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

Table of Contents

MARKET PRICE OF OUR COMMON STOCK

Our common stock has been listed on the New York Stock Exchange under the symbol BFAM since January 25, 2013. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low sale prices of our common stock on the New York Stock Exchange.

Fiscal Quarter	High	Low
2013:		
First quarter(1)	$ 36.26	$ 27.50
Second quarter	$ 38.39	$ 30.35
Third quarter	$ 37.40	$ 32.88
Fourth quarter	$ 37.99	$ 32.78
2014:		
First quarter	$ 40.05	$ 35.65
Second quarter	$ 44.16	$ 36.98
Third quarter	$ 43.78	$ 39.66
Fourth quarter (through December 9, 2014)	$ 45.83	$ 40.60

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

A recent reported closing price for our common stock is set forth on the cover page of this prospectus supplement. Wells Fargo Transfer Agent Services is the transfer agent and registrar for our common stock. As of November 28, 2014, there were 23 holders of record of our common stock.

Table of Contents

DIVIDEND POLICY

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

Table of Contents

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of November 28, 2014 by

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- each of our named executive officers and directors;
- all of our directors and named executive officers as a group; and
- each other stockholder selling shares in this offering.

The percentage ownership information shown in the table below is based upon 65,990,818 shares of common stock outstanding as of November 28, 2014.

Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our common stock. We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. These rules generally attribute beneficial ownership of shares to persons who possess sole or shared voting or investment power with respect to such shares. The information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, the number of shares of common stock deemed outstanding includes shares issuable upon exercise of options and held by the respective person or group which may be exercised or converted within 60 days after November 28, 2014. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person or entity, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person or entity.

Table of Contents

Unless otherwise indicated below, the address for each listed director, officer and stockholder is c/o Bright Horizons Family Solutions Inc., 200 Talcott Avenue South, Watertown, Massachusetts 02472. The inclusion in the following table of those shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner. Unless otherwise indicated and subject to applicable community property laws, to our knowledge, each stockholder named in the following table possesses sole voting and investment power over the shares listed, except for those jointly owned with that person s spouse.

Name and Address of Beneficial Owner	Shares Owned Before the Offering		Shares Offered Hereby	Shares Owned After the Offering and Share Repurchase	
	Number	Percentage		Number	Percentage(1)
Beneficial owners of 5% or more of our common stock:					
Bain Capital Fund X, L.P. and related funds(2)	34,033,737	51.6%	7,989,728	26,044,009	42.4%
Other Selling Stockholders:					
RGIP, LP(3)	43,755	*	10,272	33,483	*
Directors and Named Executive Officers:					
Lawrence Alleva	2,400	*	-	2,400	*
Joshua Bekenstein(4)	-	*	-	-	*
Elizabeth J. Boland(5)	320,472	*	-	320,472	*
Roger H. Brown(6)	308,407	*	-	308,407	*
Stephen I. Dreier(7)	121,525	*	-	121,525	*
E. Townes Duncan	2,100	*	-	2,100	*
Danroy T. Henry, Sr.(9)	28,628	*	-	28,628	*
Jordan Hitch(10)	-	*	-	-	*
David Humphrey(10)	-	*	-	-	*
Marguerite W. Kondracke(11)	20,336	*	-	20,336	*
Stephen H. Kramer(12)	86,006	*	-	86,006	*