

BRIGHT HORIZONS FAMILY SOLUTIONS INC

Form PREM14A

February 19, 2008

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**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

Filed by a Party other than the Registrant

Check the appropriate box:

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

BRIGHT HORIZONS FAMILY SOLUTIONS, INC.

(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):

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

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

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:

26,286,252 shares of Bright Horizons Common Stock; options to purchase 1,787,407 shares of Bright Horizons Common Stock; restricted share units with respect to 2,607 shares of Bright Horizons Common Stock.

(3)

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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 26,286,252 shares of Bright Horizons Common Stock, (b) \$48.25 minus the weighted average exercise price of \$22.34 per share of outstanding options to purchase 1,787,407 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:

\$1,314,749,162.12

(5) Total fee paid:

\$51,669.64

o Fee paid previously with preliminary materials.

o 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:

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

(3) Filing Party:

(4) Date Filed:

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**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.

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**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.

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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

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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

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References to Bright Horizons, the Company, we, our or us in this proxy statement refer to Bright Horizons Family 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

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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 Subs' 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), are 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

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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

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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.

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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 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. 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 \$44,522,649, as more fully described on pages 57 and 58. Subject to Parent's agreement, which may be withheld in Parent's sole discretion, certain of our directors and 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 the surviving corporation; however, no such discussions regarding any such rollover commitments have occurred as of the date of the filing of this proxy statement. These and other interests of our executive officers and directors, 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 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

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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, no discussions between Parent and any such persons regarding any such rollover commitments have occurred as of the date of the filing of this proxy statement.

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 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

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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 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.

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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.

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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.

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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.

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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 [1], 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.

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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, 2006, filed March 1, 2007, excluding certain of its exhibits, and other filings, including our reports on Form 10-Q, 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.

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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, anticipates, 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 filings on Form 10-Q and 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.

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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 admissions preparation and 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 more than 50 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.

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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

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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.

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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.

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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

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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 only if Bain made a proposal to acquire the Company at a compelling price would the special committee be prepared to consider such a transaction without fully exploring other potential sale opportunities. 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 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

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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.

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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.

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.

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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 regarding the Financing. The special committee then discussed again the advisability of retaining an independent financial advisor in the event it determined to authorize GS Finance to provide such financing.

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.

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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. 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 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 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 potential purchasers to determine if they would make a proposal to acquire the Company. Accordingly, the special committee directed Evercore and Goldman Sachs to compile a list of such additional potential purchasers. 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

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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. In addition, after reviewing with Evercore and Goldman Sachs a list of additional financial sponsors, the special committee directed Evercore and Goldman Sachs to contact certain of 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.

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

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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 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 \$47.75 per share, but would consider negotiating a merger agreement at \$48.75 per

share with appropriate provisions regarding, among other things, termination fees.

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On December 20, 2007, Bain requested additional Company financial information from Evercore and Goldman Sachs for the purpose of determining whether it could improve its proposal.

On December 21, 2007, management, Bain, Goldman Sachs, Evercore and Shearman & Sterling met by telephone to review the Company's projected financial performance for the remainder of the fourth quarter of 2007 and for the 2008 year.

On December 27, 2007, Bain submitted a written proposal to acquire the Company at a price of \$48.00 per share, subject to confirmatory due diligence and the negotiation of a definitive merger agreement and financing commitments.

At a meeting of the special committee held by telephone on December 28, 2007, Evercore described for the special committee discussions that it had had with Bain the prior day regarding the terms of Bain's revised proposal. Evercore and Goldman Sachs described the state of negotiations between Bain and GS Finance regarding the terms of the Financing. The special committee and its legal and financial advisors discussed the progress that had been made in the negotiations with Bain as well as the additional progress that could be made if a member of the special committee were to discuss with Mr. Bekenstein directly a further revised proposal. After discussion, the special committee concluded that Ms. Kondracke, as Chair of the special committee, would contact Mr. Bekenstein, to inform Bain that the special committee would not pursue a proposal at \$48.00 per share, but would consider pursuing a proposal at \$48.25 per share, which she subsequently did.

On January 2, 2008, Ms. Kondracke and Mr. Bekenstein had a telephone conversation in which Mr. Bekenstein indicated that Bain would be willing to submit a proposal at \$48.20 per share, provided that Bain would not be required to consummate the merger prior to having received the Company's unaudited financial results for the first quarter of 2008, and in any event not prior to June 1, 2008.

At meetings of the special committee held by telephone on January 2 and 3, 2008, Ms. Kondracke discussed with the special committee and its financial and legal advisors the substance of her January 2 conversation with Mr. Bekenstein. After discussion, the special committee instructed its financial advisors to inform Bain that Bain should increase its proposed price to \$48.25 per share and that Bain would be required to consummate the merger upon the satisfaction of the conditions contained in any definitive merger agreement and Bain's receipt of the Company's unaudited financial results for the first quarter of 2008. As an inducement for Bain to increase its proposed price, the special committee also instructed its financial advisors to inform Bain that the fees and expenses of its legal and financial advisors would not exceed an agreed upon amount.

On January 4, 2008, representatives of Evercore and Goldman Sachs informed of Bain of the terms outlined by the special committee. Bain representatives responded that Bain would be willing to submit a proposal at \$48.25 per share but that such proposal would contain the other closing-related terms that Bain had outlined previously to the special committee's financial advisors.

From January 5, 2008 through January 9, 2008, Ropes & Gray LLP (Ropes), attorneys for Bain, and Shearman & Sterling negotiated the terms of the merger agreement and the separate guarantee agreement to be entered into by the fund sponsored by Bain under which the fund would guarantee certain payment obligations of Parent and Merger Sub under the merger agreement in certain circumstances.

On January 9, 2008, Shearman & Sterling and Ropes met by telephone to discuss the status of Bain's negotiations with GS Finance regarding the terms of the Financing.

Also on January 9, 2008, the special committee held a meeting at the offices of Shearman & Sterling in New York, New York. Management was present at the outset of the meeting to provide the special committee and its legal and financial advisors with an overview of the Company's financial performance during the fourth quarter of 2007 and the Company's 2008 budget. Following a discussion of potential risks and uncertainties of achieving the Company's projected performance, management left the meeting. Shearman & Sterling reviewed with the special committee its fiduciary duties in connection with the evaluation of a proposal to acquire the Company. Representatives of both Evercore and Goldman Sachs discussed with the special committee their updated financial analyses of the \$48.25 per share in cash Bain had offered and again reviewed with the

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special committee the strategic alternatives for the Company that had been previously reviewed in detail with the special committee. Goldman Sachs was then excused from the meeting, and Evercore and Shearman & Sterling reviewed for the Committee the status of discussions between Bain and GS Finance regarding the amount and terms of the Financing being offered to Bain, including Evercore's independent analysis that the terms of such Financing were favorable in light of the current financing market. Shearman & Sterling reviewed with the special committee the terms of the merger agreement and identified the issues that remained to be negotiated.

Following these presentations, the special committee discussed the advisability of pursuing the proposed transaction, including whether it was an appropriate time to sell the Company in light of the state of the financing markets, the Company's recent financial performance and other alternatives reasonably available. After discussion, the special committee determined that pursuing the proposed transaction would be in the best interests of the Company and instructed its legal and financial advisors to continue discussions with Bain's representatives to determine whether a definitive agreement could be reached.

Following the special committee meeting, on January 9, 2008, the board of directors convened a meeting at the offices of Shearman & Sterling in New York, New York with all directors but Mr. Bekenstein participating. Following the convening of the meeting, Mr. Lissy and the management team led a review of the Company's fourth quarter 2007 financial performance and the Company's 2008 budget. Management made the same presentation to the board of directors that it made to the special committee. Following a discussion of potential risks and uncertainties of achieving the Company's projected performance, management and the Interested Directors left the meeting. Then, the Independent Directors met with the special committee's legal and financial advisors to discuss the status of the special committee's evaluation of strategic alternatives and discussions with Bain. A representative of Bass Berry reviewed with the Independent Directors their fiduciary duties in connection with the evaluation of a proposal to acquire the Company and the role of the special committee in such an evaluation. Evercore and Goldman Sachs each made separate presentations to the Independent Directors regarding their updated financial analyses of the \$48.25 per share in cash Bain had proposed and their respective evaluations of the strategic alternatives for the Company that had been reviewed with the special committee. Shearman & Sterling reviewed with the Independent Directors the terms of the merger agreement and identified the issues that remained to be negotiated. The board of directors recessed its meeting to be reconvened at the call of the special committee.

During the period from January 10, 2008 through January 13, 2008, Shearman & Sterling and Ropes continued to negotiate the terms of the draft merger agreement and the separate guarantee agreement and to discuss the special committee's insistence that the conditionality to the terms of the documents relating to the Financing conform to the conditionality included in the merger agreement. During such time, Evercore and Goldman Sachs engaged in numerous discussions with Bain concerning the status of negotiations regarding the Financing and negotiation of the merger agreement. Also during such time, at the request of the special committee, its legal advisors informed management that because material terms of a potential transaction with Bain continued to be negotiated, management should continue to refrain from having any discussions with representatives of Bain regarding any potential employment arrangements or the terms on which management might participate with Bain in a transaction involving the Company.

At a meeting of the special committee held by telephone on January 13, 2008, Shearman & Sterling reviewed with the special committee the progress that had been made since January 9, 2008 in its negotiations with Bain and its advisors regarding the terms of the merger agreement and summarized for the special committee the remaining open issues, including the scope of the conditions to Bain's obligations to consummate the merger. Following Shearman & Sterling's description of the terms of the transaction that remained to be negotiated, and confirmation from Evercore and Goldman Sachs that their updated financial analyses of the proposed transaction had not changed since January 9, 2008, the special committee concluded it would reconvene the next morning to review further the negotiations regarding the terms of the transaction.

Immediately following the meeting of the special committee, the board of directors reconvened in executive session with only the Independent Directors, the Company's legal advisors and the special committee's legal and financial advisors in attendance. The special committee and its legal and financial

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advisors presented the matters discussed at the special committee meeting that was held immediately prior to the board meeting, including Goldman Sachs's and Evercore's updated financial analyses of the terms of Bain's proposal, the terms of the merger agreement that remained to be finally negotiated and the material terms of the merger agreement. The board of directors determined to reconvene in executive session with only the Independent Directors and the special committee's legal and financial advisors present immediately following the scheduled meeting of the special committee on January 14, 2008.

On the morning of January 14, 2008, the special committee and its legal and financial advisors met by telephone. Shearman & Sterling informed the special committee that the terms of the merger agreement had been finalized and reviewed with the special committee the resolution of the issues that remained open as of the special committee's meeting on January 13, 2008. Representatives of Evercore and Goldman Sachs separately rendered to the special committee their oral opinions, which were subsequently confirmed in writing, to the effect that, as of the date of each such written opinion and based upon and subject to the assumptions, limitations, qualifications and other matters described in their opinions, the \$48.25 per share to be received by the unaffiliated stockholders pursuant to the merger agreement was fair from a financial point of view to such holders. After considering the proposed terms of the merger agreement and other transaction agreements and the various presentations from its legal and financial advisors, the special committee unanimously resolved to recommend to the board of directors that the merger agreement and the merger be approved and declared advisable and that the board of directors resolve to recommend that the Company's stockholders adopt the merger agreement.

Immediately following the meeting of the special committee, a meeting of the board of directors acting in executive session was reconvened with the Independent Directors, the Company's legal advisors and the special committee's legal and financial advisors being present. Shearman & Sterling reviewed with the board of directors the resolution of the issues that remained open as of the board's reconvened meeting the night before. Evercore and Goldman Sachs confirmed to the board of directors that they rendered to the special committee their oral opinions that, as of the date of each written opinion and based upon and subject to the assumptions, limitations, qualifications and other matters described in their opinions, the \$48.25 per share to be received by the unaffiliated stockholders pursuant to the merger agreement was fair from a financial point of view to such holders as of January 14, 2008. The full text of the written opinions of Goldman Sachs and Evercore, each dated January 14, 2008, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinions, are attached as Annex B and Annex C, respectively, to this proxy statement. The special committee recommended to the board of directors that the merger agreement and the merger be approved and declared advisable and that the board of directors resolve to recommend that the Company's stockholders adopt the merger agreement. Following a discussion among and questions by the Independent Directors to the special committee's legal and financial advisors and the Company's legal advisors, the Company's board of directors, by unanimous action of the Independent Directors, approved and declared advisable the merger agreement and the merger and resolved to recommend that the Company's stockholders adopt the merger agreement.

After the meeting of the board of directors on January 14, 2008, the Company, Parent and Merger Sub executed the merger agreement and issued a press release announcing the merger and describing the go-shop provisions prior to the opening of trading on the NASDAQ.

During the period from January 14, 2008 through the date of the filing of this proxy statement, under the supervision of the special committee, representatives of Evercore and Goldman Sachs contacted parties that they believed, based on size and business interests, would be capable of, and might be interested in, consummating an acquisition of the Company. Due to the fact that the 60-day go-shop period has not ended, the special committee has determined that it is appropriate at this time to keep confidential the details of the go-shop process. The special committee will disclose details of the go-shop process prior to the vote of the Company's stockholders on the merger or any transaction that may result from the go-shop process.

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Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger

The Special Committee

The special committee, acting with the advice and assistance of its independent legal and financial advisors, evaluated and negotiated the merger proposal, including the terms and conditions of the merger agreement, with Parent and Merger Sub. The special committee unanimously 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 and recommended to our board of directors that the board, acting through the Independent Directors, (i) approve and declare advisable the merger agreement and the transactions contemplated thereby, including the merger and (ii) recommend the adoption by our stockholders of the merger agreement.

In the course of reaching its determination, the special committee considered the following substantive factors and potential benefits of the merger, each of which the special committee believed supported its decision:

its belief that the merger was more favorable to unaffiliated stockholders than any other alternative reasonably available to the Company and its stockholders, because of the uncertain returns to such stockholders in light of the Company's business, operations, financial condition, strategy and prospects, as well as the risks involved in achieving those returns, the nature of the industry in which the Company competes, and general industry, economic, market and regulatory conditions, both on an historical and on a prospective basis;

the potential value that might result from other alternatives reasonably available to the Company, including the alternative of remaining a stand-alone, independent company or pursuing other more incremental strategic initiatives such as additional stock repurchases, additional acquisitions or a leveraged recapitalization, as well as the potential rewards, risks and uncertainties associated with those alternatives;

the information contained in the financial presentations of Evercore and Goldman Sachs, including the separate opinions of Evercore and Goldman Sachs that, as of the date of each written opinion and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each such opinion, the \$48.25 per share to be received by the unaffiliated stockholders pursuant to the merger agreement was fair from a financial point of view to such holders. The full text of the written opinions of Evercore and Goldman Sachs are attached as Annex C and Annex B, respectively, to this proxy statement;

the fact that the merger consideration is all cash, so that the transaction allows the unaffiliated holders of the Bright Horizons Common Stock to realize immediately a fair value, in cash, for their investment and provides such stockholders certainty of value for their shares;

the current and historical market prices of the Bright Horizons Common Stock, including the market price of the Bright Horizons Common Stock relative to those of other industry participants and general market indices, the fact that the cash merger price of \$48.25 per share represented a premium of approximately 47% to the closing share price of the Bright Horizons Common Stock on January 11, 2008, the last trading day prior to the execution of the Merger Agreement, and approximately 30% to the average closing share price of the Bright Horizons Common Stock common stock for the three-month period prior to January 11, 2008;

the special committee's determination, following consultation with its financial advisors' independent analyses, that the Company's trading multiple was unlikely to return to historic levels in the near term, if at all, and was likely to continue to moderate in the future;

the special committee's recognition of the inherent difficulty for any growth company of maintaining a consistent growth rate as it becomes larger and the adverse impact on its market valuation of not

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maintaining a consistent growth rate, which the special committee believed was particularly true for a mid-cap company such as the Company;

the special committee's belief that it was unlikely that any strategic buyer would offer to acquire the Company on sufficiently attractive terms;

the fact that the terms of the merger agreement provide for a 60-day post-signing "go-shop" period during which the Company would solicit additional interest in transactions involving the Company, and, after such 60-day period, continue discussions with certain persons or to respond to unsolicited proposals under certain circumstances;

the fact that, subject to compliance with the terms and conditions of the merger agreement, the Company is permitted to change its recommendation that the Company's stockholders approve the merger or to terminate the merger agreement, prior to the adoption of the merger agreement by our stockholders, in order to approve an alternative transaction proposed by a third party that is a "superior proposal" as defined in the merger agreement, upon the payment to Parent of: (i) a \$19.5 million termination fee (representing approximately 1.5% of the total value of the transaction) in connection with a proposal or an amendment thereto made during the 60-day "go-shop" period, or (ii) a \$39.0 million termination fee (representing approximately 3% of the total value of the transaction) in connection with a proposal made by a third-party after the end of the "go-shop" period ;

that seven potential purchasers in addition to Bain were contacted on behalf of the special committee to determine whether they would be interested in potentially acquiring the Company and that no other potential purchaser was prepared to make an offer to acquire the Company at a price as high as any price offered by Purchaser and Merger Sub;

the special committee had independent financial advisors and, although the special committee authorized GS Finance to offer the Financing to prospective purchasers of the Company, the Goldman Sachs financial advisory team was separate from GS Finance and the special committee retained Evercore to act as an additional independent financial advisor prior to such authorization;

the special committee's determination, following consultation with Evercore and consideration of Evercore's independent analyses, that the terms of the Financing were favorable in light of the conditions in the markets for debt financing required for transactions such as the merger, including as a result of the fact that GS Finance intended to hold the subordinated portion of the Financing, which mitigated the uncertainties associated with financing which required access to the high yield financing markets;

the fact that the merger would not be subject to a financing condition, and that although the aggregate amount of the Financing is capped 6.87 times the Company's first quarter EBITDA, Bain had agreed in its equity commitment letter to fund up to an additional \$40.0 million in the event that this cap results in a reduction in the amount of the GS Financing;

the level of effort that Parent and Merger Sub must use under the Merger Agreement to obtain the proceeds of the Financing on the terms and conditions described in the applicable commitment letters, including using their reasonable best efforts to enforce their rights under the agreements relating to the Financing in the event GS Finance declines to provide any portion of the Financing;

the fact that in the event Parent or Merger Sub declines to consummate the merger in breach of the Merger Agreement, the Company would be entitled to collect a \$39.0 million termination fee (without having to

quantify or establish damages) and, under certain circumstances in which financing is available to Parent and Merger Sub, to recover from Parent and Merger Sub its damages up to \$66.0 million (including any previously paid termination fee);

Bain's track record for consummating transactions such as the merger and its familiarity with the Company;

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the fact that the merger agreement requires the merger to be adopted by the affirmative vote of the holders of at least a majority of the Bright Horizons Common Stock;

the availability of appraisal rights to holders of the Bright Horizons Common Stock who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery;

the fact that the financial and other terms and conditions of the merger agreement were the product of arms-length negotiations between the special committee and its independent advisors, on the one hand, and Parent and Merger Sub and its advisors, on the other hand;

the fact that, other than for customary fees payable to members of the special committee, the Independent Directors will not receive any consideration in connection with the merger that is different from that received by any other unaffiliated stockholder of the Company and the fact that negotiations were conducted under the oversight of a special committee comprised solely of independent directors who are not employees of the Company;

the fact that the special committee retained and received advice and assistance from of its own independent legal advisors in evaluating, negotiating and recommending the terms of the merger agreement; and

the fact that, in light of the potential interests of the Interested Directors in a leveraged acquisition of the Company by a financial sponsor, the special committee had ultimate authority to decide whether or not to proceed with a transaction or any alternative thereto, subject to our board of directors approval of the merger agreement.

The special committee also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

the restrictions on the conduct of the Company's business prior to the completion of the merger, requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger;

whether the Company's lower than expected earnings for the third quarter of 2007, and the significant decrease in the Company's stock price that followed, negatively impacted the price a potential purchaser of the Company would be willing to pay and the possibility that a higher purchase price would have been attainable if the sale of the Company were postponed to provide the Company with the opportunity to reestablish its prior pattern of growth;

the fact that the Company is entering into a merger agreement with a newly formed corporation with essentially no assets and that its remedy in connection with a breach of the merger agreement by Parent or Merger Sub, even a breach that is deliberate, is limited to a maximum of \$66.0 million.

the fact that 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 ;

the possibility that a higher purchase price may have been attainable if a sale of the Company were postponed until financing for transactions such as the merger had become more readily available, including the possibility that the Company s operating performance at such a time would justify a higher purchase price;

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the impact of the recent, significant reduction in the availability of financing for transactions such as the merger, including the impact this reduction may have had on the price Parent and Merger Sub, and any other purchasers Goldman Sachs and Evercore were directed to approach, were capable or willing to pay to acquire the Company and the extent to which the Financing offered to prospective purchasers by GS Finance mitigated any such impact;

Goldman Sachs' role as one of the special committee's financial advisors and GS Finance's role as a source of the Financing, which could result in conflicts between Goldman Sachs' interests and those of the Company and its stockholders, including if GS Finance declines to provide the Financing;

the expectation at the time of the approval of the merger agreement that management and up to five of the Company's directors may participate in the merger and as a result may have interests in the transaction that are different from, or in addition to, those of the Company's other stockholders;

the fact that the Company's unaffiliated stockholders will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in value of the Company, including any appreciation in value that could be realized as a result of improvements to the Company's operations; and

the fact that an all cash transaction would be taxable to the Company's stockholders for U.S. federal income tax purposes.

In the course of reaching its decision to approve the merger agreement, the special committee did not consider the liquidation value of the Company's assets because it considers the Company to be a viable going concern business. Further, the special committee did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of the Company as a going concern but rather is indicative of historical costs. The Company's net book value per share as of September 30, 2007 was \$10.11. This value is substantially below the \$48.25 per share cash merger consideration.

The foregoing discussion summarizes the material factors considered by the special committee in its consideration of the merger. After considering these factors, the special committee concluded that the positive factors relating to the merger agreement and the merger outweighed the potential negative factors. In view of the wide variety of factors considered by the special committee, and the complexity of these matters, the special committee did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the special committee may have assigned different weights to various factors. The special committee approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

Our Board of Directors

Our board of directors (without the participation of Mr. Lissy, Mr. Bekenstein, Ms. Tocio, Mr. Brown and Ms. Mason), acting upon the unanimous recommendation of the special committee, at a meeting described above on January 14, 2008, (i) 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, (ii) approved the merger agreement and the transactions contemplated thereby, including the merger and (iii) recommended the adoption by our stockholders of the merger agreement. In reaching these determinations, our board of directors considered (i) the financial presentations of Goldman Sachs and Evercore that were each prepared for the special committee and which were each delivered to the board of directors at the request of the special committee, as well as the fact that the special committee received opinions delivered by Goldman Sachs and Evercore each as to the

fairness, from a financial point of view, to the Company's unaffiliated stockholders of the merger consideration to be received by such holders in the merger (the full text of each of the written opinions of Goldman Sachs and Evercore, each dated January 14, 2008, which set forth the assumptions made, procedures followed, matters considered and any limitations on the review undertaken in connection with the opinions, is attached as Annex B and Annex C,

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respectively, to this proxy statement), and (ii) the unanimous recommendation and analysis of the special committee, as described above, and adopted such recommendation and analysis in reaching its determinations.

The foregoing discussion summarizes the material factors considered by our board of directors in its consideration of the merger. In view of the wide variety of factors considered by our board of directors, and the complexity of these matters, our board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of our board of directors may have assigned different weights to various factors. The board of directors approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

Mses. Mason and Tocio and Messrs. Brown and Lissy recused themselves from the foregoing actions due to the fact that they expressed interest to the board of directors in investing in the surviving corporation, subject to the agreement of such surviving corporation. Mr. Bekenstein, who is a managing director of Bain Capital Investors, an affiliate of Bain Capital, recused himself from the foregoing actions and approval due to Bain's involvement in the transaction.

Our board of directors (without the participation of Mr. Lissy, Mr. Bekenstein, Ms. Tocio, Mr. Brown and Ms. Mason) recommends that you vote FOR the adoption of the merger agreement.

Purpose and Reasons of Bain, Joshua Bekenstein, Parent and Merger Sub for the Merger

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 and may therefore be required to express their reasons for the merger to our unaffiliated stockholders. The aforementioned persons are making this statement solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act under that potential interpretation.

The purpose of each of Bain, Mr. Bekenstein, Parent and Merger Sub for engaging in the merger is to enable Bain to acquire Bright Horizons. None of Bain, Mr. Bekenstein, Parent or Merger Sub considered alternative means to effect this purpose. Parent and Merger Sub were formed for the purpose of engaging in the merger and the other transactions contemplated by the merger agreement.

Opinions of Financial Advisors

Opinion of Goldman, Sachs & Co.

Goldman Sachs rendered its opinion to the special committee that, as of January 14, 2008 and based upon and subject to the factors and assumptions set forth therein, the \$48.25 in cash per share to be received by the unaffiliated stockholders pursuant to the merger agreement was fair from a financial point of view to such stockholders.

The full text of the written opinion of Goldman Sachs, dated January 14, 2008, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Goldman Sachs provided its opinion for the information and assistance of the special committee in connection with its consideration of the transactions contemplated by the merger agreement. The Goldman Sachs opinion does not constitute a recommendation as to how any holder of Bright Horizons Common Stock should vote with respect to the merger agreement or any other matter.

In connection with rendering the opinion described above, Goldman Sachs reviewed, among other things:

the merger agreement;

annual reports to stockholders and Annual Reports on Form 10-K of Bright Horizons for the five fiscal years ended December 31, 2006;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Bright Horizons;

certain other communications from Bright Horizons to its stockholders;

certain publicly available research analyst reports for Bright Horizons; and

certain internal financial analyses and forecasts for Bright Horizons prepared by its management.

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Goldman Sachs also held discussions with members of the senior management of Bright Horizons regarding the past and current business operations, financial condition and future prospects of Bright Horizons, including the risks and uncertainties of achieving the forecasts for Bright Horizons prepared by such management and provided to Goldman Sachs. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of Bright Horizons Common Stock, compared certain financial and stock market information for Bright Horizons with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the education and childcare industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it. Goldman Sachs did not express any opinion as to the impact of the transactions contemplated in the merger agreement on the solvency or viability of Bright Horizons or Parent or the ability of Bright Horizons or Parent to pay its respective obligations when they come due. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Bright Horizons or any of its subsidiaries and was not furnished with any such evaluation or appraisal. Goldman Sachs' opinion does not address any legal, regulatory, tax or accounting matters, nor does it address the underlying business decision of Bright Horizons to engage in the merger, or the relative merits of the merger as compared to any strategic alternatives that may be available to Bright Horizons. Goldman Sachs' opinion addresses only the fairness from a financial point of view, as of the date of the opinion, of the \$48.25 in cash per share to be received by the unaffiliated stockholders pursuant to the merger agreement. Goldman Sachs' opinion does not express any view on, and does not address, any other term or aspect of the merger agreement or the merger, including, without limitation, the fairness of the merger to, or any consideration received in connection therewith by, the parties to an Employee Rollover Agreement (as defined in the merger agreement) and any affiliates of Parent, the holders of any other class of securities, creditors, or other constituencies of Bright Horizons or Parent; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Bright Horizons or Parent, or class of such persons in connection with the transaction, whether relative to the \$48.25 in cash per share to be received by the unaffiliated stockholders pursuant to the merger agreement or otherwise. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions, as in effect on, and the information made available to it as of the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the special committee in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before January 11, 2008, and is not necessarily indicative of current market conditions.

Present Value of Future Share Price Analysis. Goldman Sachs performed an illustrative analysis of the implied present value of the future price per share of Bright Horizons Common Stock, which is designed to provide an indication of the present value of a theoretical future value of a company's equity as a function of such company's estimated future earnings and its current price to future earnings per share multiple based on IBES (Institutional

Brokers Estimate System a system that gathers and compiles the different estimates made by stock analysts on the future earnings for the majority of U.S. publicly traded companies) median estimates. For this analysis, Goldman Sachs used the projections for Bright Horizons prepared by its management for each of the years 2008 to 2012. Goldman Sachs first calculated an implied per share value of

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the Bright Horizons Common Stock for each of the years 2008 to 2012 by applying a price to forward 2008 earnings multiple of 16.6x (which represents the price to forward 2008 earnings per share multiple for Bright Horizons based on IBES median estimates and the closing price of Bright Horizons Common Stock, in each case as of January 11, 2008) to estimates prepared by Bright Horizons management of the projected earnings per share for each of the years 2008 through 2012. Goldman Sachs then discounted those implied per share values using a discount rate of 10%, reflecting the Company's estimated cost of equity. Goldman Sachs assumed a valuation date of March 31, 2008. The analysis resulted in a range of implied present values of \$32.83 to \$45.12 per share of Bright Horizons Common Stock.

Goldman Sachs also performed the foregoing analysis using IBES (forward) median earnings per share estimates for the years 2008 and 2009 for Bright Horizons, and calculating estimated earnings per share for the years 2010 through 2012 using the five-year IBES earnings per share growth rate of 18%. Goldman Sachs then applied a price to forward earnings per share multiple of 16.6x to such estimated earnings per share to calculate implied per share values for the Bright Horizons Common Stock for each of the years 2008 through 2012, and discounted those values using an equity discount rate of 10%. The analysis resulted in a range of implied present values of \$32.79 to \$41.84 per share of Bright Horizons Common Stock.

Illustrative Leveraged Recapitalization Analysis. Goldman Sachs analyzed an illustrative recapitalization transaction involving Bright Horizons and the theoretical value that its stockholders could receive in such a transaction using Bright Horizons management projections. In the illustrative recapitalization analysis, Goldman Sachs assumed that Bright Horizons used all the proceeds from incremental debt issuances to fund a share repurchase of Bright Horizons Common Stock as of March 31, 2008. Goldman Sachs considered six separate upfront repurchase scenarios using proceeds from incremental debt of \$100 million, \$150 million, \$200 million, \$250 million, \$300 million and \$350 million, representing repurchases of 11.1%, 15.5%, 20.6%, 25.2%, 29.5% and 33.7%, respectively, of the outstanding shares of Bright Horizons Common Stock. The premium paid in each case was 0.0%, 7.5%, 7.5%, 10.0%, 12.5%, and 15.0%, respectively, based on the \$32.79 closing price of shares of Bright Horizons Common Stock on January 11, 2008. The weighted average cost of new debt was 7.25%, 7.50%, 7.63%, 8.00%, 8.25% and 8.50%, respectively, based on illustrative estimates of market rates as of January 11, 2008. Goldman Sachs calculated the pro forma total value of the recapitalization to Bright Horizons stockholders by multiplying the percentage of outstanding shares repurchased under each scenario by the repurchase price and adding to that amount the percentage of shares remaining multiplied by a share price following the recapitalization implied by:

a forward 2009 P/E (price to earnings) multiple of 14.6x (based on Bright Horizons share price on January 11, 2008 and 2009 IBES median forward earnings per share estimates as of that date), which resulted in a range of pro forma values to Bright Horizons stockholders of \$37.05 to \$38.55 per share; and

Bright Horizons LTM (or last twelve months) average forward 2009 P/E multiple as of January 11, 2008, which resulted in a range of pro forma values to Bright Horizons stockholders of \$43.78 to \$44.21 per share.

Illustrative Leveraged Buyout Analysis. Goldman Sachs performed an illustrative leveraged buyout analysis using financial information provided by Bright Horizons management projections. In performing the illustrative leveraged buyout analysis, Goldman Sachs assumed hypothetical financial buyer purchase prices per share of Bright Horizons Common Stock ranging from \$47.00 to \$49.00, which reflected illustrative implied entry multiples based on management's estimated March 31, 2008 LTM EBITDA (or earnings before interest, taxes, depreciation and amortization) ranging from 11.6x to 12.2x pre-deduction of the Company's non-cash equity expense associated with its management equity incentive program. For comparability with Bright Horizons trading multiples, Goldman Sachs indicated that this represents a March 31, 2008 LTM EBITDA range of 12.1x to 12.7x based on EBITDA post-deduction of the company's non-cash equity expense associated with its management equity incentive program. Based on a range of illustrative 2012 exit EBITDA (before equity expense) multiples of 8.0x to 10.0x for the assumed

exit at the end of 2012, which reflect illustrative implied prices at which a hypothetical financial buyer might exit its investment through a sale or

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initial public offering transaction, this analysis resulted in illustrative internal rate of equity returns to a hypothetical financial buyer ranging from 10.4% to 21.3%.

Illustrative Private Market Analysis. Goldman Sachs analyzed the financial terms of the following selected recent business combinations in the education and childcare industry since March 2003. For each of the selected transactions, Goldman Sachs calculated and compared the enterprise values as a multiple of the target company's LTM EBITDA prior to the announcement of the applicable transaction, calculated based on public information. For purposes of this analysis, the enterprise value was calculated by adding the announced transaction price for the equity of the target company to the book value of the target company's net debt based on public information available prior to the announcement of the applicable transaction. The results of this analysis are summarized in the following table:

Announcement Date	Target	Acquiror	Enterprise Value as a Multiple of LTM EBITDA
January 2007	Laureate Education, Inc.	Kohlberg Kravis Roberts & Co., Citigroup Private Equity, SAC Capital Management, LLC, SPG Partners, Bregal Investments, Caisse de dépôt et placement du Québec, Sterling Capital Partners, Makena Capital, Torreal S.A., and Southern Cross Capital.	16.5x
December 2006	Busy Bees Group Ltd.	A.B.C. Learning Centres Limited	NA
December 2006	La Petite Academy Inc.	A.B.C. Learning Centres Limited	10.2x
September 2006	Educate, Inc.	Christopher Hoehn, Peter Cohen, Sterling Capital Partners, Citigroup Private Equity	10.7x
November 2004	KinderCare Learning Centers, Inc.	Knowledge Learning Corporation	6.8x
March 2003	Whitman Education Group, Inc.	Career Education Corporation	15.7x
March 2003	Ross University	DeVry, Inc.	12.4x

Source: Public Filings

The \$48.25 in cash per share of Bright Horizons Common Stock to be paid in the merger implied an enterprise value to LTM EBITDA multiple of 12.5x.

Goldman Sachs also reviewed the premiums paid (based on the closing share price for each target company one month prior to the announcement of the transaction) from 2004 to 2007 in all completed and pending cash merger and acquisition transactions with total consideration from \$1 billion to \$5 billion as summarized in the following table:

Premium Range in %	2004	2005	2006	2007
Less than 0%	22.4%	12.8%	8.8%	13.7%
0 - 15%	32.9%	31.6%	27.9%	30.4%
15 - 25%	16.5%	21.1%	21.1%	20.6%
25 - 35%	8.2%	13.5%	15.6%	12.7%
35 - 45%	12.9%	12.0%	13.6%	10.8%
Greater than 45%	7.1%	9.0%	12.9%	11.8%

Source: Thomson Financial, SDC

Goldman Sachs calculated that the \$48.25 in cash per share of Bright Horizons Common Stock to be paid in the merger represents a 38% premium based on the one-month volume weighted average price per share of \$34.91 for the Bright Horizons Common Stock, as of January 11, 2008.

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While none of the selected transactions are directly comparable to the merger, such transactions were deemed relevant based on Goldman Sachs' professional judgment and experience.

Illustrative Discounted Cash Flow Analysis. Goldman Sachs performed an illustrative discounted cash flow analysis on Bright Horizons using Bright Horizons' management projections for the years 2008 through 2012. Goldman Sachs calculated indications of net present value of free cash flows for Bright Horizons for the years 2008 through 2012 using discount rates ranging from 9.5% to 10.5%. Goldman Sachs also calculated illustrative terminal values in the year 2012 based on multiples ranging from 8.0x LTM EBITDA to 10.0x LTM EBITDA. These illustrative terminal values were then discounted to calculate implied indications of present values using discount rates ranging from 9.5% to 10.5%. Goldman Sachs assumed a valuation date of March 31, 2008. This analysis resulted in a range of implied present values of \$47.03 to \$58.97 per share of Bright Horizons Common Stock.

Using the same projections provided by Bright Horizons' management, Goldman Sachs also performed an additional analysis by performing the analysis described in the prior paragraph but assuming (i) a range of EBIT (or earnings before taxes and interest) margins from 3% less than projected as per management's plan to 1% greater than management's plan, implying 2012 EBIT margins of 10.3% to 13.9%, (ii) a range of sales compounded annual growth rates of 9.5% to 13.5% for the years 2007 through 2012 (or compared to the 12.5% sales compounded annual growth rate implied in the projections provided by Bright Horizons' management) and (iii) a terminal EBITDA multiple of 9.0x and a discount rate of 10% discounted to March 31, 2008. This analysis resulted in a range of implied present values of \$37.52 to \$59.15 per share of Bright Horizons Common Stock.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Bright Horizons or the merger.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the special committee as to the fairness from a financial point of view of the \$48.25 in cash per share to be received by the unaffiliated stockholders pursuant to the merger agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Bright Horizons, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The merger consideration was determined through arms-length negotiations between the special committee and Bain Capital, an affiliate of Parent, and was approved by the special committee and recommended by the special committee to the independent directors of the board of directors. Goldman Sachs acted as financial advisor to the special committee in connection with and has participated in certain of the negotiations leading to the transaction. Goldman Sachs did not, however, recommend any specific amount of consideration to Bright Horizons or the special committee or that any specific amount of consideration constituted the only appropriate consideration for the merger.

As described above, Goldman Sachs' opinion to the special committee was one of many factors taken into consideration by the special committee in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection

with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex B.

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Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of Bright Horizons, portfolio companies of Bain and any of their respective affiliates, or any currency or commodity that may be involved in the merger for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to the special committee in connection with, and has participated in certain of the negotiations leading to, the merger.

Affiliates of Goldman Sachs have entered into financing commitments to provide Parent with senior secured credit facilities and mezzanine debt facilities in connection with the consummation of the merger, subject to the terms of such commitments. Such affiliates of Goldman Sachs expect to receive fees in connection with these financing commitments and facilities that are contingent upon their closing upon consummation of the merger. In addition, Goldman Sachs has provided and is currently providing certain investment banking and other financial services to Bain and its affiliates and portfolio companies, including having acted as joint lead arranger in connection with the provision of a committed financing package consisting of senior secured facilities, a mezzanine facility and a PIK loan facility in connection with the acquisition by Bain of FCI SA in December 2005; as lead arranger in connection with the leveraged recapitalization of Brenntag AG, a former portfolio company of Bain in January 2006; as co-financial advisor to Brenntag in connection with its sale to CIE Management II Limited, an affiliate of BC Partners Limited, in September 2006; as financial advisor to Bain in connection with its sale of Houghton Mifflin Holding Company, Inc. to HM Rivergroup PLC in December 2006; and as financial advisor to Bain in connection with its sale of Front Line Management to IAC/InteractiveCorp in June 2007. Goldman Sachs may also provide investment banking and other financial services to Bright Horizons, Bain and its portfolio companies and their respective affiliates in the future. In connection with the above-described services Goldman Sachs has received, and may receive, compensation. Affiliates of Goldman Sachs also have co-invested with Bain and its affiliates from time to time and may do so in the future. In addition, affiliates of Goldman Sachs have invested in limited partnership units of affiliates of Bain and may do so in the future.

The special committee selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transaction. No limitations were imposed by the special committee on Goldman Sachs with respect to the investigations made or procedures followed by it in rendering its opinion. Pursuant to a letter agreement dated June 21, 2007, the special committee engaged Goldman Sachs to act as its financial advisor. Pursuant to the terms of its engagement, Bright Horizons has agreed to pay Goldman Sachs: (i) an advisory fee of \$5.0 million that was payable on January 1, 2008 regardless of whether the Company entered into a transaction with any third party; 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 consummation of the transaction. In addition, Bright Horizons has agreed to reimburse Goldman Sachs for its reasonable expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Copies of Goldman Sachs' written presentations to the special committee have been attached as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger. The written presentations will be available for any interested stockholder of Bright Horizons (or any representative of the stockholder who has been so designated in writing) to inspect and copy at our principal executive offices during regular business hours. Alternatively, stockholders of Bright Horizons (or their designated representatives) may inspect and copy the presentations at the office of, or obtain them by mail from, the SEC.

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Opinion of Evercore Group L.L.C.

The special committee retained Evercore to provide the special committee with independent financial advisory services in connection with the evaluation of potential strategic and financial alternatives including, but not limited to, a sale of all or part of the equity, business or assets of Bright Horizons. The special committee selected Evercore to act as a financial advisor based on Evercore's qualifications, expertise and reputation as an advisor to special committees and its experience in the valuation of businesses and their securities in connection with mergers and acquisitions and similar transactions. At the meeting of the special committee on January 14, 2008, Evercore rendered its oral opinion, subsequently confirmed in writing, that as of January 14, 2008, and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration to be received by the unaffiliated stockholders pursuant to the merger agreement was fair, from a financial point of view, to such holders.

The full text of the written opinion of Evercore, dated as of January 14, 2008, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is contained in Annex C to this proxy statement and is incorporated by reference into this proxy statement. We urge you to read the opinion in its entirety. Evercore's opinion is directed to the special committee, addresses only the fairness, from a financial point of view, of the consideration to be received by the unaffiliated stockholders pursuant to the merger agreement as of the date of the opinion, and does not address any other aspect of the merger or constitute a recommendation to the special committee or to any other persons in respect of the transaction, including as to how any stockholder should vote or act in respect of the merger. The following is a summary of Evercore's opinion and the methodology that Evercore used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.

In connection with rendering its opinion, Evercore, among other things:

reviewed certain publicly available business and financial information relating to Bright Horizons that Evercore deemed to be relevant;

reviewed certain historical and projected non-public financial statements and other historical and projected non-public financial and operating data relating to Bright Horizons prepared and furnished to Evercore by management of Bright Horizons;

discussed the past and current operations, financial projections and current financial condition of Bright Horizons with management of Bright Horizons (including their views on the risks and uncertainties of achieving such projections);

reviewed the reported prices and the historical trading activity of Bright Horizons Common Stock;

compared certain financial information of Bright Horizons with similar, publicly-available information for certain publicly-traded companies that Evercore deemed relevant;

reviewed the financial terms, to the extent available, of certain transactions that Evercore deemed relevant;

reviewed a draft of the merger agreement dated January 13, 2008; and

performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumes no liability for the accuracy or completeness of that information. For purposes of its opinion, Evercore was provided with certain financial projections related to Bright Horizons by members of the management of Bright Horizons. With respect to the financial projections, Evercore assumed that they had been reasonably prepared on bases reflecting the best available estimates and good faith judgments of management of Bright Horizons as to the matters covered thereby.

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For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct, that each party would perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger would be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger would be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on Bright Horizons or the consummation of the merger or materially reduce the benefits of the merger. Evercore also assumed that the final form of the merger agreement would not differ in any material respect from the last draft of the merger agreement reviewed by Evercore.

Evercore did not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of Bright Horizons, nor was Evercore furnished with any such appraisals, nor did Evercore evaluate the solvency or fair value of Bright Horizons under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to Evercore, as of January 14, 2008. Evercore indicated that subsequent developments could affect its opinion. Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness to the unaffiliated stockholders, from a financial point of view, of the consideration to be received by such holders in connection with the merger. Evercore did not express any view on, and its opinion did not address, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of Bright Horizons, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Bright Horizons, or any class of such persons, whether relative to the merger consideration or otherwise, nor was asked to address the fairness of the consideration to be received by the Rollover Holders or any stockholders who are affiliates of Parent. Evercore assumed that any modification to the structure of the merger would not vary in any respect material to its analysis. Evercore's opinion did not address the relative merits of the merger as compared to other business or financial strategies that might have been available to Bright Horizons, nor did it address the underlying business decision of Bright Horizons to engage in the merger. As described above, Evercore's opinion to the special committee was among many factors taken into consideration by the special committee in making its determination to approve the merger. The decision to recommend to the Board of Directors of Bright Horizons the approval of the terms of the merger was solely that of the special committee. Evercore is not a legal, regulatory, accounting or tax expert and assumed the accuracy and completeness of assessments by Bright Horizons and its advisors with respect to legal, regulatory, accounting and tax matters.

Evercore acted as financial advisor to the special committee in connection with the merger. No limitations were imposed by the special committee on Evercore with respect to the investigations made or procedures followed by it in rendering its opinion. Pursuant to its engagement letter, the special committee has agreed to pay Evercore a fee for its services comprised of a monthly retainer fee of \$75,000 with a minimum cumulative monthly retainer fee of \$250,000. Under the terms of Evercore's engagement, the special committee agreed to pay Evercore an advisory fee of \$3.0 million upon the earliest 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 or (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. The cumulative monthly retainer fees paid to Evercore will be credited against the advisory fee. In addition, the special committee may pay an additional discretionary fee to Evercore of up to \$5.0 million as determined by the special committee, based on the value attributed by the special committee to services rendered by Evercore under its engagement. 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, no portion of Evercore's fee is contingent upon the rendering of

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its opinion or consummation of the merger. In addition, Bright Horizons has agreed to reimburse certain of Evercore's expenses and to indemnify Evercore for certain liabilities arising out of its engagement.

In the ordinary course of business, Evercore or its affiliates may actively trade the securities, or related derivative securities, or financial instruments of Bright Horizons, Merger Sub and Parent and their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments. During the two years preceding its engagement, Evercore had not provided financial or other services to Bright Horizons, Bain Capital, Bain, Merger Sub or Parent; however, Evercore may provide financial or other services to Bright Horizons, Bain Capital, Bain, Merger Sub or Parent in the future and in connection with any such services Evercore may receive compensation.

In receiving Evercore's oral fairness opinion on January 14, 2008 and reviewing with Evercore the written materials prepared by Evercore in support of its opinion (a copy of which has been filed with the SEC as an exhibit to the Schedule 13E-3 of which this proxy statement forms a part), the special committee was aware of and consented to the assumptions and other matters discussed above.

Financial Analyses

In connection with the review of the merger by the special committee of the board of directors of Bright Horizons, Evercore performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described below, without considering the analyses as a whole, could create an incomplete view of the processes underlying Evercore's opinion. In arriving at its fairness determination, Evercore considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Evercore may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described below should therefore not be taken to be Evercore's view of the value of Bright Horizons. No company, transaction or business used in Evercore's analyses below as a comparison is identical to Bright Horizons, its business or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed, including considerations and judgments with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Bright Horizons and Evercore.

Evercore prepared these analyses for the purpose of providing an opinion to the special committee as to the fairness, from a financial point of view, of the consideration to be received by the unaffiliated stockholders of Bright Horizons pursuant to the merger agreement, as of January 14, 2008. These analyses do not purport to be appraisals or necessarily to reflect the prices at which the business or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty and are based upon numerous factors, assumptions with respect to industry performance, general business and economic conditions and other matters or events beyond the control of Bright Horizons and Evercore, neither Bright Horizons nor Evercore assumes responsibility if future results are materially different from those forecasts. The merger consideration was determined through arm's length negotiations between the special committee and Bain and was recommended by the special committee for approval by Bright Horizons' board of directors and was approved by the board of directors. Evercore provided financial advice to the special committee. Evercore did not recommend any specific merger consideration to the special committee or that any given merger consideration constituted the only appropriate

consideration for the merger. The opinions and financial analyses of Evercore were only one of many factors considered by the special committee in its evaluation of the merger and should not be viewed as determinative

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of the views of the special committee, the board of directors or management with respect to the merger or the merger consideration.

Set forth below is a summary of the material financial analyses presented by Evercore to the special committee of the board of directors of Bright Horizons in connection with rendering its opinion. The following summary of the material financial analyses includes information presented in tabular format. You should read those tables together with the full text of each summary. The tables alone do not constitute a complete description of Evercore's financial analyses. Considering the summary data and tables alone could create a misleading or incomplete view of Evercore's financial analysis. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before January 14, 2008, and is not necessarily indicative of current market conditions.

Historical Public Market Trading Levels Analysis

Evercore reviewed the historical average closing and the range of intraday share prices of Bright Horizons Common Stock over various periods, each ending on January 11, 2008. The use of incremental time periods is designed to capture the progression of the share price and isolate the effects of specific corporate or other events on share price performance. The table below illustrates the premium implied by the \$48.25 merger consideration to the historical average closing and the range of intraday share prices of Bright Horizons Common Stock for each of those periods.

	Historical Share Price	Premium of Merger Consideration of \$48.25 per Share to Historical Share Price
1 Day Prior	\$ 32.79	47.1%
1 Month Average	\$ 35.01	37.8%
3 Month Average	\$ 37.08	30.1%
6 Month Average	\$ 39.46	22.3%
1 Year Average	\$ 39.11	23.4%
2 Year Average	\$ 38.63	24.9%
1 Year Intraday Minimum	\$ 32.53	48.3%
1 Year Intraday Maximum	\$ 47.75	1.0%

As shown above, the proposed per share merger consideration of \$48.25 represents a 47.1% premium to the prior day closing share price, a 37.8% premium to the one-month average closing share price and a 23.4% premium to the one-year average closing share price. The proposed per share merger consideration also represents a 48.3% premium to the one-year minimum intraday share price and a 1.0% premium to the one-year maximum intraday share price.

Table of Contents*Selected Public Company Trading Analysis*

Using publicly available information, Evercore reviewed the market values and implied trading multiples of selected publicly-traded pre-kindergarten through twelfth grade education companies, for-profit post-secondary education companies, and other education service companies that Evercore deemed to be similar to Bright Horizons for purposes of this analysis. Evercore noted, however, that none of the selected publicly-traded companies are identical or directly comparable to Bright Horizons.

Pre-K-12 Schools / Centers	For-Profit Post-Secondary	Other Education Services
A.B.C. Learning Centres Limited Nobel Learning Communities, Inc.	Apollo Group, Inc. ITT Educational Services, Inc. DeVry Inc. Career Education Corp. Strayer Education Corp. Corinthian Colleges, Inc. Capella Education Company Universal Technical Institute Lincoln Educational Services Corporation	Washington Post Co. Scholastic Corp. Blackboard Inc. School Specialty, Inc. Renaissance Learning, Inc. The Princeton Review, Inc.

Evercore calculated and analyzed the ratio of total enterprise value (TEV) to estimated 2008 calendar year earnings before interest, taxes, depreciation and amortization (or, EBITDA) for the above selected publicly-traded companies, as well as the ratio of equity value per share to estimated 2008 calendar year earnings per share, commonly referred to as P/E. Evercore also calculated and analyzed the ratio of the P/E multiple to the estimated long-term growth rate of these selected publicly-traded companies, commonly referred to as P/E/G. Evercore calculated all multiples for the selected companies based on closing share prices as of January 11, 2008 for each respective company. These calculations were based on publicly available financial data including IBES estimates. The range of implied multiples that Evercore calculated is summarized below:

Metric	Public Market Trading Multiples						
	Bright Horizons	Pre-K-12		Post-Secondary		Other Education	
		Mean	Median	Mean	Median	Mean	Median
TEV/2008E EBITDA	7.7x	7.3x	7.3x	12.4x	9.9x	13.0x	12.4x
Price/2008E Earnings	16.8	14.0	14.0	25.4	23.3	23.5	22.8
2008E P/E/G	0.9	0.8	0.8	1.4	1.4	1.6	1.2

Evercore then applied ranges of selected multiples derived from those described above for the selected companies to corresponding financial data based on financial projections provided by management of Bright Horizons. The 2008E EBITDA multiples selected ranged from 9.0x to 11.0x; the 2008E P/E multiples selected ranged from 20.0x to 25.0x; and the 2008E P/E/G ratios selected ranged from 1.0x to 1.5x. These ranges of multiples and ratios selected were then applied to the relevant EBITDA and earnings per share metrics in order to derive implied per share equity reference range. The ranges of per share equity values for Bright Horizons implied by this analysis are summarized below:

One-Day Prior Share Price: \$32.79
Per Share Merger Consideration: \$48.25

	Implied per Share Equity Reference Range		
	TEV/2008E	Price/2008E	Price/2008E
	EBITDA	Earnings	Earnings/Growth

Low	\$ 39.33	\$ 39.45	\$ 38.88
High	48.05	49.31	58.32

Table of Contents*Precedent Transactions Analysis*

Evercore performed an analysis of selected transactions to compare multiples paid in other transactions to the multiples of certain financial metrics implied in the merger. Evercore identified and analyzed a group of 26 acquisition transactions that were announced between 1998 and 2007. Evercore calculated the enterprise value as a multiple of revenue and as a multiple of EBITDA during the last four quarters (Lfq) implied by these transactions. Multiples for the selected transactions were based on publicly available financial information. Although none of the transactions are, in Evercore's opinion, identical or directly comparable to the merger, the transactions included were chosen because, in Evercore's opinion, they may be considered similar to the merger in certain respects for purposes of Evercore's analysis.

Target

Leapfrog Day Nurseries Limited
 Asquith Nurseries
 Laureate Education, Inc.
 Busy Bees Group Ltd.
 La Petite Academy Inc.
 Educate, Inc.
 College Coach, LLC
 The Children's Courtyard LP
 Hutchison's Child Care Services Ltd.
 Concorde Career Colleges, Inc.
 Kids Campus Limited
 Education Management Corporation

 Learning Care Group, Inc.
 ChildrenFirst Inc.
 KinderCare Learning Centers Inc.
 Child Care Centres Australia Ltd.
 Peppercorn Mgmt Group Limited
 Leapfrog Day Nurseries plc
 Whitman Education Group, Inc.
 Ross University
 Sylvan Learning Systems K-12 Tutoring
 ARAMARK Educational Resources
 CorporateFamily Solutions Inc.
 Children's Discovery Centers of America, Inc.
 Jigsaw Day Nurseries Ltd.
 La Petite Academy Inc. (Vestar /LPA)

Acquiror

Busy Bees Group Limited
 Dawnay Day, Swordfish Investments
 Doug Becker (CEO), KKR, Citigroup PE, SAC Capital
 A.B.C. Learning Centres Limited
 A.B.C. Learning Centres Limited
 Educate Management, Sterling Capital, Citigroup PE
 Bright Horizons Family Solutions, Inc.
 Learning Care Group, Inc.
 A.B.C. Learning Centres Limited
 Liberty Partners
 A.B.C. Learning Centres Limited
 Providence Equity Partners, Goldman Sachs Capital Partners
 A.B.C. Learning Centres Limited
 Bright Horizons Family Solutions, Inc.
 Knowledge Learning Corporation
 A.B.C. Learning Centres Limited
 A.B.C. Learning Centres Limited
 Nord Anglia Education PLC
 Career Education Corporation
 DeVry Inc.
 Apollo Management LP
 Knowledge Learning Corporation
 Bright Horizons Holdings Inc.
 Knowledge Beginnings, Inc.
 Jigsaw Management / 3i
 Chase Capital Partners

The range of implied multiples that Evercore calculated is summarized below:

**Precedent
 Transaction
 Multiples**
Mean Median

Enterprise Value/LFQ Revenue	2.0x	1.7x
Enterprise Value / LFQ EBITDA	15.1x	12.5x

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Evercore then applied ranges of selected multiples derived from those described above for the selected companies to corresponding financial data based on financial projections provided by management of Bright Horizons. The LFQ revenue multiples selected ranged from 1.5x to 2.0x; and the LFQ EBITDA multiples selected ranged from 11.0x to 15.0x. These ranges of multiples selected were then applied to the relevant forecasted revenue and EBITDA metrics as of March 31, 2008 in order to derive an implied enterprise value reference range and, with appropriate adjustments, an implied per share equity reference range. The ranges of per share equity values for Bright Horizons implied by this analysis are summarized below:

Per Share Merger Consideration: \$48.25

	Implied per Share Equity Reference Range	
	TEV/LFQ Revenue	TEV/LFQ EBITDA
Low	\$ 43.55	\$ 42.66
High	\$ 58.02	\$ 58.14

Discounted Cash Flow Analysis

Evercore performed a discounted cash flow (DCF) analysis, which calculates the present value of a company s future unlevered, after-tax free cash flow based upon assumptions with respect to such cash flow and assumed discount rates. The financial forecast used in Evercore s DCF analysis was based upon the financial projections provided by management of Bright Horizons.

Evercore calculated ranges of estimated terminal values by multiplying calendar year 2012 estimated EBITDA by selected multiples ranging from 8.5x to 10.5x. The estimated after-tax free cash flows and terminal values were then discounted to present value at March 31, 2008 using selected discount rates ranging from 9.5% to 11.5%. The discount rate range was selected based on a weighted average cost of capital calculation for Bright Horizons, as well as for companies identified above under the caption Selected Public Company Trading Analysis. The terminal EBITDA multiple range was selected based on a review of current and historical trading multiples of Bright Horizons, as well as of companies identified above under the caption Selected Public Company Trading Analysis. This analysis indicated the following implied per share equity reference range for Bright Horizons:

Per Share Merger Consideration: \$48.25

	Implied per Share Equity Reference Range	
	TEV/LFQ Revenue	TEV/LFQ EBITDA
Low	\$	47.44
High	\$	61.78

Evercore discussed the financial projections of Bright Horizons with management of Bright Horizons, including their views on the risks and uncertainties of achieving such projections. Based on these discussions, Evercore performed an illustrative discounted cash flow sensitivity analysis to determine the potential change in the per share equity reference range implied by the DCF analysis based on a range of adjustments to the revenue growth rates and EBITDA margins

in the financial projections provided by management of Bright Horizons. Based on revenue growth rate reductions ranging from 0 basis points to 300 basis points and EBITDA margin reductions ranging from 0 basis points to 125 basis points, and assuming the midpoint of the selected terminal EBITDA multiple range (9.5x) and discount rate range (10.5%), the illustrative sensitivity analysis resulted in a decrease in the per share equity value implied by the DCF analysis in the range of \$0.00 to \$9.49 per share.

While discounted cash flow analysis is a widely used valuation methodology, it necessarily relies on numerous assumptions, including assets and earnings growth rates, terminal values and discount rates. Thus, it is not necessarily indicative of the Company's actual, present or future value or results, which may be significantly more or less favorable than suggested by such analysis.

Table of Contents*Present Value of Future Stock Price*

Evercore performed a present value of future stock price analysis of Bright Horizons based upon the financial projections provided by management of Bright Horizons. Evercore calculated implied per share equity reference ranges by (i) calculating the implied terminal value per share by multiplying either (a) calendar year 2012 estimated EBITDA by selected multiples ranging from 8.5x to 10.5x, or (b) calendar year 2012 earnings per share by selected multiples ranging from 19.0x to 24.0x, and then (ii) discounting the implied per share equity value to present value at March 31, 2008 using selected discount rates ranging from 9.5% to 11.5%. The discount rate range was selected based on an equity cost of capital calculation for Bright Horizons, as well as for companies identified above under the caption Selected Public Company Trading Analysis. The terminal EBITDA multiple range was selected based on a review of current and historical trading multiples of Bright Horizons, as well as of companies identified above under the caption Selected Public Company Trading Analysis. This analysis indicated the following implied per share equity reference range for Bright Horizons:

Per Share Merger Consideration: \$48.25

	Implied per Share Equity Reference Range	
	TEV / 2012E	
	EBITDA	2012E P/E
Low	\$ 46.39	\$ 46.55
High	\$ 60.92	\$ 64.08

Leveraged Buyout Analysis

Evercore performed a leveraged buyout (LBO) analysis of Bright Horizons in order to ascertain the value of Bright Horizons which might be attractive to a potential financial buyer based upon the financial projections provided by management of Bright Horizons.

Evercore assumed, among other things, the following in its LBO analysis: (i) capital structure scenarios for Bright Horizons consistent with the anticipated terms of the proposed debt financing package in connection with the merger, including assuming the maximum flex, or possible increases in the indicative interest rates of such financing package, is applied pursuant to its terms; (ii) a range of selected exit multiples of 8.5x to 10.5x calendar year 2012 estimated EBITDA; and (iii) an equity investment that would achieve an internal rate of return during the investment period beginning March 31, 2008 of between 15.0% and 25.0%. The exit EBITDA multiple range was selected based on a review of current and historical trading multiples of Bright Horizons, as well as of companies identified above under the caption Selected Public Company Trading Analysis. This analysis indicated the following implied per share equity reference range for Bright Horizons:

Per Share Merger Consideration: \$48.25

Implied per Share Equity Reference Range	
Indicative Terms	Maximum Flex

Low	\$	40.24	\$	39.84
High	\$	55.25	\$	54.65

General

In rendering its opinion, Evercore also reviewed and considered other factors, including but not limited to:

the mean and median premiums paid in all-cash, U.S. public company transactions with a value in the range of \$1.0 billion to \$1.5 billion during the period from January 2002 to December 2007, as well as all-cash, U.S. going private transactions with a value in the range of \$1.0 billion to \$1.5 billion during the period from January 2002 to December 2007; and

publicly available equity research analysts price targets and ratings for Bright Horizons.

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Copies of Evercore's written presentations to the special committee have been attached as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger. The written presentations will be available for any interested stockholder of Bright Horizons (or any representative of the stockholder who has been so designated in writing) to inspect and copy at our principal executive offices during regular business hours. Alternatively, stockholders of Bright Horizons (or their designated representatives) may inspect and copy the presentations at the office of, or obtain them by mail from, the SEC.

Position of Bain, Joshua Bekenstein, Parent and Merger Sub as to Fairness

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 and may therefore be required to express their beliefs as to the fairness of the merger to our unaffiliated stockholders. The aforementioned persons are making the statements included in this section solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act under that potential interpretation. The views of Bain, Mr. Bekenstein, Parent and Merger Sub should not be construed as a recommendation to any stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

Bain, Parent and Merger Sub attempted to negotiate the terms of a transaction that would be most favorable to Bain, and not to the stockholders of Bright Horizons. Accordingly, they did not negotiate the merger agreement with a goal of obtaining terms that were fair to such stockholders. None of Bain, Parent or Merger Sub believes that it has or had any fiduciary duty to Bright Horizons or its stockholders, including with respect to the merger and its terms. Mr. Bekenstein is a managing director of Bain Capital Investors, an affiliate of Bain Capital. As such, together with the other managing directors of Bain Capital Investors, he shares responsibility for making investment decisions on behalf of Bain. Mr. Bekenstein is also a director of Bright Horizons. As a managing director of Bain Capital Investors, an affiliate of Bain Capital, Mr. Bekenstein has interests in the merger that are different from the other directors of Bright Horizons. Accordingly, Mr. Bekenstein did not serve on the special committee and did not participate in the special committee's evaluation or approval of the merger agreement and the merger. In addition, Mr. Bekenstein recused himself from the deliberations of the board of directors relating to the merger and the merger agreement and did not attend the portion of any meeting or deliberation of the board of directors at which the merger or the merger agreement were discussed. He therefore did not participate in the board of directors' evaluation or approval of the special committee's recommendation of the approval of the merger agreement and the merger.

None of Bain, Parent, Merger Sub or, as noted above, Mr. Bekenstein participated in the deliberation process of the special committee and none of them participated in the conclusions of the special committee or the board of directors of Bright Horizons that the merger was fair to the unaffiliated stockholders of Bright Horizons. The interests of the unaffiliated stockholders of Bright Horizons were, as described elsewhere in this proxy statement, represented by the special committee, which was comprised solely of independent directors and negotiated with Bain on the unaffiliated stockholders' behalf, with the assistance of independent legal and financial advisors.

None of Bain, Mr. Bekenstein, Parent or Merger Sub undertook, or engaged a financial advisor to undertake, any independent evaluation or other analysis for the purpose of evaluating the fairness of the merger to the Bright Horizons unaffiliated stockholders. However, as of the date hereof and after reviewing the Company's disclosure elsewhere in this proxy statement, based upon the same factors considered by, and the findings of, the special committee and the board of directors with respect to the fairness of the merger to such unaffiliated stockholders as set forth in this proxy statement (see Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger), which findings and related analyses, as set forth in this proxy statement, Bain, Mr. Bekenstein, Parent and Merger Sub adopt, as of the date hereof Bain, Mr. Bekenstein, Parent and Merger Sub believe that the merger agreement and the merger are fair to the unaffiliated stockholders.

As of the date hereof and after reviewing the Company's disclosure elsewhere in this proxy statement, Bain, Mr. Bekenstein, Parent and Merger Sub have also considered the fact that the \$48.25 price per share to

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be received by the unaffiliated stockholders represented a 47% premium to the closing share price on the last business day prior to the announcement of the merger.

The foregoing discussion of the information and factors considered and given weight by Bain, Mr. Bekenstein, Parent and Merger Sub in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors considered by Bain, Mr. Bekenstein, Parent and Merger Sub. Bain, Mr. Bekenstein, Parent and Merger Sub did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger agreement and the merger. Bain, Mr. Bekenstein, Parent and Merger Sub believe that these factors provide a reasonable basis for their belief that the merger is fair to the unaffiliated stockholders.

Purposes, Reasons and Plans for Bright Horizons after the Merger

The purpose of the merger for Bright Horizons is to enable its unaffiliated stockholders to immediately realize the value of their investment in Bright Horizons through their receipt of the per share merger price of \$48.25 in cash. Another purpose of the merger is to create greater operating flexibility, allowing management to concentrate on long-term growth rather than the short-term expectations of the financial markets. In light of the foregoing, and given our stock price and the economic and market conditions affecting us and our industry sector as a whole, we believe our long-term strategy can best be pursued as a private company.

The reason for structuring the transaction as a merger is to effect the transaction following the approval of the holders of a majority of the shares of the Bright Horizons Common Stock. The reasons for undertaking the transaction at this time are described above under [Background of the Merger](#).

It is expected that, upon consummation of the merger (and excluding the transactions contemplated in connection with the merger as described in this proxy statement), the operations of Bright Horizons will be conducted substantially as they currently are being conducted. Bain has advised Bright Horizons that it does not have any current intentions, plans or proposals to cause us to engage in any of the following:

- an extraordinary corporate transaction following consummation of the merger involving Bright Horizons corporate structure, business or management, such as a merger, reorganization or liquidation;
- the relocation of any material operations or sale or transfer of a material amount of assets; or
- any other material changes in its business.

Nevertheless, following consummation of the merger, the management and/or board of directors of the surviving corporation may initiate a review of the surviving corporation and its assets, corporate and capital structure, capitalization, operations, business, properties and personnel to determine what changes, if any, would be desirable following the merger to enhance the business and operations of the surviving corporation and may cause the surviving corporation to engage in the types of transactions set forth above if the management and/or board of directors of the surviving corporation decides that such transactions are in the best interest of the surviving corporation upon such review. The surviving corporation expressly reserves the right to make any changes it deems appropriate in light of such evaluation and review or in light of future developments.

Certain Effects of the Merger

If the merger agreement is adopted by the Company's stockholders and certain other conditions to the closing of the merger are either satisfied or waived, Merger Sub will be merged with and into Bright Horizons, with Bright Horizons

being the surviving corporation.

Upon the consummation of the merger, unless otherwise agreed between a holder and Parent, each share of Bright Horizons Common Stock issued and outstanding immediately prior to the effective time of the merger (other than shares held in the treasury of the Company, potentially certain unrestricted shares held by certain of the Rollover Holders, shares owned by Parent immediately prior to the effective time of the merger or shares held by stockholders who are entitled to and who properly exercise appraisal rights under Delaware

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law) will be converted into the right to receive \$48.25 in cash, without interest and less any applicable withholding taxes. Upon the consummation of the merger, unless otherwise agreed between a holder and Parent, all outstanding options to acquire Bright Horizons Common Stock will become fully vested and immediately exercisable and all such options (other than potentially certain options held by certain of the Rollover Holders) not exercised prior to the merger will be cancelled and converted into a 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 option exercise price, without interest and less any applicable withholding taxes. Upon the consummation of the merger, unless otherwise agreed between a holder and Parent, 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, without interest and less any applicable withholding taxes. All restricted share units will be converted into Bright Horizons Common Stock immediately prior to the merger and such shares will be cancelled and converted into the right to receive a cash payment equal to the number of shares multiplied by \$48.25, without interest and less any applicable withholding taxes.

Following the merger, the entire equity in the surviving corporation will ultimately be owned through Parent by Bain and any additional investors that Bain permits to invest in Parent. As of the date hereof, Bain does not have an agreement with any such additional investors to permit investment in Parent. If the merger is completed, Bain and any additional investors that Bain permits to invest in Parent will be the sole beneficiaries of our future earnings and growth, if any, and will be entitled to vote on corporate matters affecting Bright Horizons following the merger. Similarly, Bain and any investors that Bain permits to invest in Parent will also bear the risks of their investment in Parent, including the risks of any decrease in our value after the merger and the operational and other risks related to the incurrence by the surviving corporation of significant additional debt as described below under Financing of the Merger.

In connection with the merger and subject to Parent's agreement, which may be withheld in Parent's sole discretion, the Rollover Holders may receive benefits and be subject to obligations in connection with the merger that are different from, or in addition to, the benefits and obligations of Bright Horizons stockholders generally, as described in more detail under Interests of the Company's Directors and Executive Officers in the Merger. The incremental benefits may include the right and commitment of the Rollover Holders to make an agreed upon minimum equity investment in the surviving corporation in cash and/or by exchanging a portion of their Bright Horizons options and/or unrestricted shares of Bright Horizons Common Stock for equity interests in, and options to acquire equity interests in, the surviving corporation, as well as the option, prior to the consummation of the merger, to make additional equity investments (up to an amount and at a time to be determined) on substantially the same terms and conditions as the agreed upon equity investments. A potential detriment to the Rollover Holders may be that their new options, if any, may not be exercisable for shares registered under the federal securities laws and their new shares of common stock, if any, in the surviving corporation will not initially be and may not be registered under the federal securities laws and such shares, if any, will be relatively illiquid without an active public trading market for such securities. The equity interests, if any, received upon exercise of these options and the shares, if any, received in exchange for such unrestricted shares of Bright Horizons Common Stock may also be subject to a stockholders agreement restricting the ability of the Rollover Holders to sell such equity. Additional incremental benefits to the executive officers include, among others, continuing as executive officers of the surviving corporation. A potential detriment to the Rollover Holders is that Bain will own a majority of Parent's shares, will control the board of directors of Parent and the surviving corporation and will be able to exert substantial influence over the governance and operations of Parent and the surviving corporation following the merger.

Bright Horizons Common Stock is currently registered under the Exchange Act and is quoted on the NASDAQ under the symbol BFAM. As a result of the merger, Bright Horizons will be a privately held corporation, and there will be no public market for its common stock. After the merger, the Bright Horizons Common Stock will cease to be quoted on the NASDAQ, and price quotations with respect to sales of shares of common stock in the public market will no

longer be available. In addition, registration of the Bright Horizons Common Stock under the Exchange Act will be terminated.

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At the effective time of the merger, the directors of Merger Sub will become the directors of the surviving corporation and the current officers of Bright Horizons will become the officers of the surviving corporation. The certificate of incorporation of Bright Horizons will be amended to be the same as the certificate of incorporation of Merger Sub as in effect immediately prior to the effective time of the merger, except that the name of the surviving corporation shall continue to be Bright Horizons Family Solutions, Inc. The bylaws of the Company in effect immediately prior to the effective time of the merger will become the bylaws of the surviving corporation.

Effects on the Company if the Merger is Not Completed

If the merger agreement is not adopted by Bright Horizons stockholders or if the merger is not completed for any other reason, stockholders will not receive any payment for their shares in connection with the merger. Instead, Bright Horizons will remain an independent public company and the Bright Horizons Common Stock will continue to be listed and traded on the NASDAQ. In addition, if the merger is not completed, we expect that management will operate the business in a manner similar to that in which it is being operated today and that Bright Horizons stockholders will continue to be subject to the same risks and opportunities as they currently are, including, among other things, in connection with the nature of the workplace services industry on which Bright Horizons business largely depends, and general industry, economic, regulatory and market conditions. Accordingly, if the merger is not consummated, there can be no assurance as to the effect of these risks and opportunities on the future value of your Bright Horizons shares. From time to time, Bright Horizons board of directors will evaluate and review, among other things, the business, operations, properties, dividend policy and capitalization of Bright Horizons and make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to enhance stockholder value. If the merger agreement is not adopted by Bright Horizons stockholders or if the merger is not consummated for any other reason, there can be no assurance that any other transaction acceptable to Bright Horizons will be offered, or that the business, prospects or results of operations of Bright Horizons will not be adversely impacted.

Delisting and Deregistration of Bright Horizons Common Stock

If the merger is completed, the Bright Horizons Common Stock will be delisted from the NASDAQ and deregistered under the Exchange Act.

Regulatory Approvals

Under the HSR Act and the rules promulgated thereunder by the FTC, the merger cannot be completed until Bright Horizons and Parent file a notification and report form under the HSR Act 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. At any time before or after consummation of the merger, notwithstanding the early termination of the waiting period under the HSR Act, the DOJ or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of Bright Horizons or Parent. At any time before or after the consummation of the merger, and notwithstanding the early termination of the waiting period under the HSR Act, any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of Bright Horizons or Parent. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

While there can be no assurance that the merger will not be challenged by a governmental authority or private party on antitrust grounds, Bright Horizons, based on a review of information provided by Parent relating to the businesses in which it and its affiliates are engaged, believes that the merger can be effected in compliance with federal and state

antitrust laws. The term "antitrust laws" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other Federal and state statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and

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other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

Though not a condition to the consummation of the merger, United States federal and state laws and regulations, as well as the laws and regulations of the United Kingdom, Ireland and Canada, may require that Bright Horizons 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.

Provisions for Unaffiliated Security Holders

No provision has been made (i) to grant Bright Horizons unaffiliated stockholders access to the corporate files of Bright Horizons, any other party to the proposed merger or any of their respective affiliates or (ii) to obtain counsel or appraisal services at the expense of Bright Horizons or any other such party or affiliate.

Financing of the Merger

Parent estimates that the total amount of funds necessary to complete the proposed merger and the related transactions is approximately \$1.4 billion, which includes approximately \$1.3 billion to be paid to Bright Horizons stockholders and holders of other equity-based interests in Bright Horizons (which amount includes the value of rollover equity, if any, in respect of the Rollover Holders), with the remaining funds to be used to refinance certain existing indebtedness, including the Company's existing revolving credit facility, and to pay customary fees and expenses in connection with the proposed merger, the financing arrangements and the related transactions.

Pursuant to the merger agreement, Parent and Merger Sub are obligated to use their reasonable best efforts to obtain the debt financing described below as promptly as practicable taking into account the June 30, 2008 termination date. In the event that any portion of the debt financing becomes unavailable on the terms contemplated in the agreements in respect thereof, Parent and Merger Sub are obligated to use their reasonable best efforts to arrange alternative financing from alternative sources in an amount sufficient to consummate the merger on terms not materially less favorable to Parent (as determined in the reasonable judgment of Parent).

The following arrangements are intended to provide the necessary financing for the merger:

Equity Financing

Parent has received an equity commitment letter from Bain, a private equity fund sponsored by Bain Capital, pursuant to which Bain has committed to contribute \$640.0 million in cash to Parent in connection with the proposed merger. Bain may effect the purchase of the equity interests of the Parent directly or indirectly through one or more affiliated entities; provided that it does not affect Bain's commitment obligations under the equity commitment letter. There is no assurance that such cash will actually be available, or, if available, will be available prior to the consummation of the merger. The obligation to fund commitments under the equity commitment letter is subject to the satisfaction or waiver by Parent of the conditions precedent to Parent's and Merger Sub's obligation to complete the merger.

Debt Financing

Parent and Merger Sub have received a commitment letter dated January 14, 2008 from Goldman Sachs Credit Partners L.P. (GSCP) pursuant to which, subject to the terms and conditions set forth therein, GSCP has committed to provide to the Company 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. The proceeds of the term loan facility will be used to fund, in part, the acquisition, including repaying or refinancing

certain existing indebtedness and paying fees, commissions and expenses incurred in connection with the merger. A specified amount available under the revolving facility may be used on the closing date to fund, in part, the acquisition (including repaying or refinancing certain existing indebtedness and paying fees, commissions and expenses incurred in connection with the merger) and for working capital purposes. After the closing date, amounts available under the revolving facility will be used

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for financing capital expenditures and acquisitions and providing ongoing working capital, and for other general corporate purposes of the Company and its subsidiaries.

Parent and Merger Sub also have received a commitment letter dated January 14, 2008 from GS Mezzanine Partners V, L.P. (GS Mezzanine) pursuant to which, subject to the terms and conditions set forth therein, GS Mezzanine will purchase up to \$300.0 million of senior subordinated notes issued by the Company (the OpCo Notes) and up to \$110.0 million of senior notes issued by Parent (the HoldCo Notes and, together with the OpCo Notes, the Notes). GSCP 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 HoldCo Notes, in which event the aggregate principal amount of the HoldCo 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. The proceeds of the Notes will be used for the purposes of financing the merger, repaying or refinancing certain existing indebtedness and paying fees, commissions and expenses incurred in connection with the merger.

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 HoldCo Notes in full before being applied to reduce the principal amount of the OpCo 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.

The debt commitments expire on June 30, 2008. The documentation governing the senior secured credit facilities and the Notes has not been finalized and, accordingly, the actual terms of such facilities and the Notes may differ from those described in this proxy statement.

Conditions Precedent Under the Debt Commitments

The availability of the senior secured credit facilities and the purchase of the Notes are subject to, among other things, (1) there not having occurred since December 31, 2006 any material adverse effect (as defined in the commitment letters, which definition conforms with the definition set forth in the merger agreement that is described in this proxy statement under the caption The Merger Agreement Conditions to the Merger), subject to certain exclusions set forth in the commitment letters, (2) equity investments in Parent in an amount not less than 40% of the *pro forma* consolidated debt and equity capitalization of Parent, (3) consummation of the merger in accordance with the merger agreement (and no provision thereof having been waived or amended in a manner materially adverse to the lenders without the reasonable consent of GSCP or in a manner materially adverse to purchasers of Notes without the reasonable consent of GS Mezzanine), (4) repayment of specified indebtedness of the Company and its subsidiaries, (5) delivery of certain financial information, (6) negotiation, execution and delivery of definitive and other customary closing documentation, (7) accuracy of certain specified representations and warranties, (8) payment of fees and expenses and material compliance with other obligations and (9) absence of specified defaults.

Senior Secured Credit Facilities

General. The borrower under the senior secured credit facilities will be either the Company or Merger Sub and, following the consummation of the merger, the surviving corporation of the merger of Merger Sub with and into the Company. The senior secured credit facilities will consist of a \$365.0 million (subject to adjustment as described above under the heading Debt Financing) senior secured Tranche B term loan

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facility with a term of seven years and a \$75.0 million senior secured revolving credit facility with a term of six years. At the borrower's option, the revolving credit facility will include sublimits for the issuance of letters of credit and swingline loans. The senior credit facilities will include a so-called accordion feature, which will provide for an incremental term loan facility or an increase in the revolving credit facility in an aggregate amount not to exceed \$50.0 million, subject to the satisfaction of certain conditions.

No alternative financing arrangements or alternative financing plans have been made in the event that the senior secured credit facilities are not available as anticipated.

GSCP will act as sole lead arranger, sole bookrunner and sole syndication agent for the senior secured credit facilities. A financial institution selected by GSCP and reasonably acceptable to Merger Sub will be the sole administrative agent for the senior secured credit facilities. Additional agents or co-agents for the senior secured credit facilities may be appointed by GSCP, subject to the reasonable approval of Merger Sub.

Interest. Loans under the senior secured credit facilities are expected to bear interest, at the borrower's option, at either (1) a rate equal to one-, two-, three- or six-month reserve-adjusted LIBOR (London Interbank Offered Rate) plus an applicable margin or (2) a base rate plus an applicable margin. Interest on LIBOR loans will be payable in arrears at the end of the applicable interest period (and at the end of every intervening period of three months, for interest periods longer than three months), and interest on base rate loans will be payable quarterly in arrears.

Amortization and Prepayments. The Tranche B term loans will be repaid in interim quarterly principal amortization payments in annualized amounts of 1% of the initial principal balance, with the entire unpaid balance being payable at the final maturity date. There are no scheduled commitment reductions and there is no scheduled principal amortization with respect to the revolving credit facility.

The borrower will be permitted to make voluntary prepayments of loans at any time, without premium or penalty (other than LIBOR breakage costs, if applicable, and any applicable call premium as described below), and will be required to make mandatory prepayments of loans with (1) the net cash proceeds of non-ordinary course asset sales by Parent, the borrower or their subsidiaries, subject to reinvestment rights and other exceptions, (2) the net cash proceeds of insurance paid in respect of property losses of Parent, the borrower or their subsidiaries, subject to reinvestment rights, (3) a varying percentage of the net cash proceeds from a public offering of equity securities in Parent or the borrower, subject to certain exclusions, (4) the net cash proceeds from the incurrence of debt (other than permitted debt) by Parent, the borrower or their subsidiaries, and (5) a varying percentage of excess cash flow (to be defined). Mandatory prepayments will be applied first to Tranche B term loans in direct order of maturity and thereafter to loans outstanding under the revolving credit facility (without reduction of revolving credit facility commitments). In the event that the Tranche B Term Loans are effectively repriced by reducing the interest thereon or refinancing them within a certain period following the closing date, the lenders will be entitled to receive a call premium on the amount of Tranche B Term Loans which is repriced.

After the fifth anniversary of the closing date, prepayments of any catch-up payments required by the Applicable High Yield Discount Obligation rules with respect to the revolving credit facility also will be required.

Guarantors. All obligations under the senior secured credit facilities will be guaranteed by Parent and each of the borrower's existing and subsequently acquired or organized domestic subsidiaries, excluding any domestic subsidiary that is a disregarded entity for U.S. tax purposes and that owns the capital stock of any foreign subsidiaries but does not own any other assets.

Security. The obligations of the borrower and the guarantors under the senior secured credit facilities will be secured, subject to permitted liens and other agreed-upon exceptions, by first priority security interests in substantially all of

the assets of the borrower and the guarantors. In addition, the senior secured credit facilities will be secured by a first priority security interest in 100% of the voting capital stock of the borrower and each domestic subsidiary of the borrower (other than a domestic subsidiary that holds capital stock of a foreign subsidiary and that is a disregarded entity for U.S. federal income tax purposes), and 65% of the voting capital stock of each first-tier foreign subsidiary of the borrower and all intercompany debt owed to

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the borrower or a guarantor. The following assets will be excluded: (1) all leased property other than any leased property the arranger reasonably determines to be material (leasehold mortgages will not be required if landlord consent is not obtained after the use of commercially reasonable efforts by the borrower), (2) motor vehicles and other assets subject to certificates of title, letter of credit rights and certain commercial tort claims to the extent not perfected by filing a UCC-1 financing statement on the closing date, (3) deposit accounts or other bank or securities accounts whose value is below a threshold to be determined, (4) all fee-owned real property that has a value less than an amount to be agreed and certain fee-owned real property subject to an existing mortgage, (5) margin stock, (6) assets if the granting of a security interest in such asset would be prohibited by the organizational or governance documents of any person or would trigger termination pursuant to any change of control or similar provision (and such provision is not capable of waiver by Parent or its subsidiaries) and (7) assets in circumstances where the cost, burden or consequences (including adverse tax consequences) of obtaining or perfecting a security interest in such assets, as reasonably determined by the arranger, is excessive in relation to the practical benefit afforded thereby, or if the granting of a security interest in such asset would be prohibited by contract (except to the extent such prohibition is overridden by UCC Section 9-408 or other applicable law) or applicable law.

Delivery of deposit account control agreements, securities account control agreements, mortgages in respect of fee-owned property and leaseholds and satisfactory commitments for title insurance (in each case, to the extent required under the loan documents) will not be required on the closing date if the borrower has used commercially reasonable efforts to deliver those items. Such control agreements, mortgages and title insurance and any other liens, pledges and/or mortgages that are not governed by the Uniform Commercial Code and that the arranger determines are not material in the aggregate will be provided within a reasonable period following the closing date to be determined with the consent of the arranger.

Representation and Warranties; Covenants. The senior secured credit facilities will contain representations and warranties and affirmative and negative covenants that are usual and customary for financings of this kind, including, among other things, restrictions on (1) indebtedness, (2) liens, (3) negative pledges, (4) certain restricted payments such as dividends and other distributions, redemptions and certain payments in respect of certain subordinated indebtedness (including the Notes) and certain other indebtedness, (5) restrictions on subsidiary distributions, (6) investments, (7) mergers and acquisitions, (8) sales of assets, (9) sales and leasebacks, (10) capital expenditures, (11) transactions with affiliates, (12) conduct of business, (13) activities of Parent, and (14) amendments and waivers of organizational documents, junior indebtedness (including the Notes) and other material agreements. The affirmative and negative covenants will include exceptions and baskets usual and customary for transactions of this type and others to be mutually agreed upon.

Financial covenants will include a minimum cash interest coverage ratio and a maximum total leverage ratio (net of specified unrestricted cash) with the ability to cure breaches thereof by the contribution of additional equity to the Parent and the borrower within certain limitations..

Events of Default. The senior secured facilities will also include events of default usual and customary for financings of this kind (including a change of control default), with customary grace periods, where applicable.

Mezzanine Debt Financing

General. GS Mezzanine (and possibly certain other affiliates of The Goldman Sachs Group, Inc.) will purchase the OpCo Notes from the Company and the HoldCo Notes from Parent. The Notes will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) and may not be offered in the United States absent registration under, or an applicable exemption from the registration requirements of, the Securities Act.

No alternative financing arrangements or alternative financing plans have been made in the event that the Notes are not purchased as anticipated.

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Closing Payments. Purchasers of Notes will receive a closing payment in the amount of a specified percentage of the initial principal amount of the OpCo Notes and the HoldCo Notes, respectively, so purchased, payable as a reduction of the purchase price.

Interest. The OpCo Notes will bear interest at an annual rate equal to the greater of a specified fixed rate or a fixed rate calculated with reference to 4-year Eurodollar swap rate in effect on the day prior to closing. Interest on the OpCo Notes will be payable quarterly in arrears, in cash.

The HoldCo Notes will bear interest at an annual fixed rate equal to the rate per annum at which the OpCo Notes bear interest plus a specified margin. Interest on the HoldCo Notes will be payable quarterly in arrears, in cash, except that during the first five years after closing, Parent will have the option to capitalize all of the accrued and unpaid interest and add it to principal in lieu of paying that interest in cash.

Maturity. The OpCo Notes will mature 10 years after closing. The HoldCo Notes will mature 10 1/2 years after closing.

Redemption. The OpCo Notes may be voluntarily redeemed at any time after the 5th anniversary of the closing date and the HoldCo Notes may be voluntarily redeemed at any time after the 4th anniversary of the closing date, in each case upon payment of certain specified redemption premiums. Voluntary redemption prior to those dates will require the payment of a make-whole premium. The Notes are also subject to a change of control provision.

In addition, prior to the 3rd anniversary of the closing date, up to 35% of the OpCo Notes and 35% of the HoldCo Notes may be voluntarily redeemed with the proceeds of a public offering of equity securities of or an equity contribution to Parent or any parent of Parent upon payment of certain specified redemption premiums.

After the fifth anniversary of the closing date, Parent shall make cash payments of accrued original issue discount (as determined for U.S. federal income purposes) on the HoldCo Notes (including interest accrued since the closing date that was capitalized and added to the principal amount of the HoldCo Notes) at such times and in such amounts as are necessary so that the HoldCo Notes will not have significant original issue discount and thus will not be treated as applicable high yield discount obligations within the meaning of Section 163(i) of the Internal Revenue Code. Any such payments that constitute payments of principal or capitalized interest will not be accompanied by the payment of the then applicable premium thereon.

Ranking; Subordination. The OpCo Notes will be