

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

Form 424B7

August 12, 2015

Table of Contents

CALCULATION OF REGISTRATION FEE

Title of Each Class of	Amount to	Proposed	Proposed	Amount of
	be	Offering	Maximum	Registration
Securities to be Registered	Registered	Price Per	Aggregate	Fee(1)
		Share(1)	Offering Price(1)	
Common Stock, \$0.001 par value per share	3,000,000	\$61.27	\$183,810,000.00	\$21,359

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) of the Securities Act of 1933, as amended. In accordance with Rule 457(c) of the Securities Act of 1933, as amended, the price shown is the average of the high and low selling prices of the Common Stock on August 11, 2015 as reported on the New York Stock Exchange.

Table of Contents

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

Prospectus Supplement to Prospectus dated March 25, 2014

3,000,000 Shares

Bright Horizons Family Solutions Inc.

Common Stock

The selling stockholders named in this prospectus supplement, which include certain of our executive officers and directors, are offering 3,000,000 shares of our common stock. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

Subject to the completion of this offering, we have agreed to purchase from the underwriter 700,000 shares of our common stock that are subject to this offering at a price per share equal to the price per share paid by the underwriter to the selling stockholders in this offering.

Our common stock is listed on the New York Stock Exchange under the symbol BFAM. On August 7, 2015, the last sale price of our common stock as reported on the New York Stock Exchange was \$61.98 per share.

*Investing in our common stock involves substantial risk. Please read **Risk Factors** beginning on page S-8.*

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

	Per share	Total (2)
Public offering price	\$ 61.25	\$ 183,750,000
Underwriting discounts and commissions (1)	\$ 0.24	\$ 552,000
Proceeds to selling stockholders, before expenses	\$ 61.01	\$ 183,030,000

- (1) We have agreed to reimburse the underwriter for certain expenses in connection with this offering. See Underwriting. No underwriting discounts or commissions are payable in respect of the shares being acquired by us.
- (2) The total public offering price does not give effect to the price to be paid by us for the 700,000 shares of common stock being acquired by us.

The underwriter expects to deliver the shares against payment in New York, New York on or about August 14, 2015.

Barclays

Prospectus supplement dated August 10, 2015

Table of Contents

Table of contents

Prospectus Supplement

<u>About This Prospectus Supplement</u>	S-ii
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-8
<u>Cautionary Note Regarding Forward-Looking Statements</u>	S-13
<u>Use of Proceeds</u>	S-15
<u>Market Price of Our Common Stock</u>	S-16
<u>Dividend Policy</u>	S-17
<u>Principal and Selling Stockholders</u>	S-18
<u>Material U.S. Federal Income and Estate Tax Considerations for Non-U.S. Holders of Common Stock</u>	S-22
<u>Underwriting</u>	S-27
<u>Legal Matters</u>	S-31
<u>Experts</u>	S-31
<u>Where You Can Find More Information</u>	S-32
<u>Incorporation of Certain Documents by Reference</u>	S-32

Prospectus

<u>About this Prospectus</u>	ii
<u>Risk Factors</u>	1
<u>Cautionary Note Regarding Forward-Looking Statements</u>	1
<u>Use of Proceeds</u>	3
<u>Description of Our Capital Stock</u>	3
<u>Plan of Distribution</u>	7
<u>Legal Matters</u>	9
<u>Experts</u>	9
<u>Where You Can Find More Information</u>	10
<u>Incorporation of Certain Information by Reference</u>	10

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

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

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

Our Company

We are a leading provider of high-quality child care, early education and other services designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of June 30, 2015, we had more than 900 client relationships with employers across a diverse array of industries, including more than 140 Fortune 500 companies and more than 80 of *Working Mother* magazine's 2014 100 Best Companies for Working Mothers. Our service offerings include:

Center-based full service child care and early education (representing approximately 86% of our revenue in the year ended December 31, 2014);

Back-up dependent care; and

Educational advisory services.

We believe we are a provider of choice for each of the solutions we offer. As of June 30, 2015, we operated a total of 922 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 106,000 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of approximately 95% among respondents in our employer and parent satisfaction surveys over each of the past five years and an annual client retention rate of 97% for employer-sponsored centers over each of the past ten years.

We have a more than 25-year track record of providing high-quality services and a history of strong financial performance. From 2001 through 2014, we have achieved year-over-year revenue and adjusted EBITDA growth at a compound annual growth rate of 11% for revenue and 17% for adjusted EBITDA. We also achieved year-over-year net income growth at a compound annual growth rate of 23% from 2001 to 2007. In 2008 through 2010, we incurred net losses due primarily to the additional debt service obligations and amortization expense incurred in connection with our going private transaction. In 2011, 2012, 2013 and 2014, our net income grew \$14.8 million, \$3.7 million, \$3.8 million and \$59.7 million, respectively, over the prior year to \$4.8 million, \$8.5 million, \$12.3 million and \$72.0 million, respectively. For the six months ended June 30, 2015, our net income grew \$11.7 million to \$49.5 million compared to the six month period ended June 30, 2014. Our strong revenue growth has been driven by additions to our center base through organic center growth and acquisitions, expansions of our service offerings to back-up dependent care and educational advisory services and consistent annual tuition increases. We have also increased our adjusted EBITDA margin in each year from 2001 through 2014. For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, we generated revenue of \$1.2 billion, \$1.4 billion and \$720.9 million, net income of \$12.3 million, which included a loss on extinguishment of debt of \$63.7 million related to our debt refinancing in January 2013, \$72.0 million, and \$49.5 million, adjusted EBITDA of \$208.5 million,

Table of Contents

\$238.1 million and \$140.2 million and adjusted net income of \$78.3 million, \$97.2 million and \$60.2 million, respectively. Additional information regarding adjusted EBITDA and adjusted net income, which are non-GAAP metrics, including a reconciliation of adjusted EBITDA and adjusted net income to net income, is included in the Summary Consolidated Financial and Other Data in this prospectus supplement and the Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 2, 2015, and the Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, filed with the SEC on August 7, 2015.

Share Repurchase

We intend to purchase from the underwriter 700,000 shares of our common stock that are subject to this offering at a price per share equal to the price per share paid by the underwriter to the selling stockholders in this offering. We refer to this repurchase as the share repurchase. The share repurchase is part of our existing \$250 million equity repurchase program approved by our board of directors on February 4, 2015. After giving effect to the share repurchase, we will have remaining authorization to repurchase up to approximately \$134.7 million of our common stock under the repurchase program. We intend to fund the share repurchase with cash on hand. The closing of the share repurchase is contingent on the closing of this offering.

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

Corporate Information

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

Table of Contents

The Offering

Common stock offered by the selling stockholders	3,000,000 shares
Use of proceeds	We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders.
Dividend policy	We do not currently intend to pay cash dividends on our common stock.
Share repurchase	Subject to completion of this offering, we have agreed to repurchase 700,000 shares of our common stock that are subject to this offering from the underwriter at a price per share equal to the price paid by the underwriter to the selling stockholders in this offering. The closing of the share repurchase is contingent on the closing of this offering. The share repurchase was approved by a special committee of our board of directors, which is comprised entirely of disinterested directors.
Risk factors	You should read carefully the information set forth under Risk Factors herein and in the accompanying prospectus for a discussion of factors that you should consider before deciding to invest in our common stock.
New York Stock Exchange trading symbol	BFAM

Table of Contents

Summary Consolidated Financial and Other Data

The following table sets forth our summary historical and unaudited consolidated financial data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2013 and 2014 and for the three years in the period ended December 31, 2014 presented in this table have been derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary historical financial data as of June 30, 2015 and for the six months ended June 30, 2014 and June 30, 2015 have been derived from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary historical financial data as of June 30, 2014 has been derived from our unaudited consolidated financial statements as of such date, which are not incorporated by reference into this prospectus supplement or the accompanying prospectus. The summary consolidated balance sheet data as of December 31, 2012 has been derived from our audited consolidated financial statements for such year, which are not incorporated by reference in this prospectus supplement. The unaudited consolidated financial data have been prepared on the same basis as our audited consolidated financial statements, and, in our opinion, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations, and cash flows have been included. The results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. Historical results are not necessarily indicative of the results to be expected for future periods. The data in the following table related to adjusted EBITDA, adjusted income from operations, adjusted net income, diluted adjusted earnings per common share, child care and early education centers and licensed capacity are unaudited for all periods presented.

This summary historical consolidated financial and other data should be read in conjunction with the disclosures set forth under **Management's Discussion and Analysis of Financial Condition and Results of Operations** and the consolidated financial statements and the related notes thereto, both of which can be found in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, both of which are incorporated by reference herein.

Table of Contents

	Years Ended December 31,			Six Months Ended	
	2012	2013	2014	2014	2015
	(In thousands, except share and operating data)				
Consolidated Statement of Operations Data:					
Revenue	\$ 1,070,938	\$ 1,218,776	\$ 1,352,999	\$ 680,255	\$ 720,905
Cost of services	825,168	937,840	1,039,397	519,992	538,437
Gross profit	245,770	280,936	313,602	160,263	182,468
Selling, general and administrative expenses	123,373	141,827	137,683	68,608	73,735
Amortization of intangible assets	26,933	30,075	28,999	15,109	13,754
Income from operations	95,464	109,034	146,920	76,546	94,979
Loss on extinguishment of debt	-	(63,682)	-	-	-
Interest income	152	85	103	26	85
Interest expense	(83,864)	(40,626)	(34,709)	(17,367)	(20,469)
Income before income taxes	11,752	4,811	112,314	59,205	74,595
Income tax (expense) benefit	(3,243)	7,533	(40,279)	(21,443)	(25,144)
Net income	8,509	12,344	72,035	37,762	49,451
Net income (loss) attributable to non-controlling interest	347	(279)	-	-	-
Net income attributable to Bright Horizons Family Solutions Inc.	\$ 8,162	\$ 12,623	\$ 72,035	\$ 37,762	\$ 49,451
Accretion of Class L preference	79,211	-	-	-	-
Accretion of Class L preference for vested options	5,436	-	-	-	-
Net (loss) income available to common stockholders	\$ (76,485)	\$ 12,623	\$ 72,035	\$ 37,762	\$ 49,451
Allocation of net income (loss) to common stockholders basic and diluted:					
Class L basic and diluted	\$ 79,211	\$ -	\$ -	\$ -	\$ -
Common stock basic	\$ (76,485)	\$ 12,623	\$ 71,755	\$ 37,617	\$ 49,121
Common stock diluted	\$ (76,485)	\$ 12,623	\$ 71,761	\$ 37,621	\$ 49,130
Earnings (loss) per share:					
Class L basic and diluted	\$ 59.73	\$ -	\$ -	\$ -	\$ -
Common stock basic	\$ (12.62)	\$ 0.20	\$ 1.09	\$ 0.57	\$ 0.80
Common stock diluted	\$ (12.62)	\$ 0.20	\$ 1.07	\$ 0.56	\$ 0.78
Weighted average shares outstanding:					
Class L basic and diluted	1,326,206	-	-	-	-
Common stock basic	6,058,512	62,659,264	65,612,572	65,590,275	61,522,973
Common stock diluted	6,058,512	64,509,036	67,244,172	67,333,130	63,023,803
Consolidated Balance Sheet Data (at period end):					
Total cash and cash equivalents	\$ 34,109	\$ 29,585	\$ 87,886	\$ 112,283	\$ 76,920
Total assets	1,916,108	2,102,670	2,141,076	2,166,482	2,148,670
Total liabilities, excluding debt	401,125	449,310	468,940	452,975	488,269
Total debt, including current maturities	906,643	764,223	921,177	761,779	918,163
Total redeemable non-controlling interest	8,126	-	-	-	-
Class L common stock	854,101	-	-	-	-
Total stockholders equity (deficit)	(253,887)	889,137	750,959	951,728	742,238
Other Financial and Operating Data:					
Adjusted EBITDA (1)(2)	180,851	208,541	238,081	121,784	140,245
Adjusted income from operations (1)(2)	112,482	126,850	149,620	77,096	