



## **BRIGHT HORIZONS FAMILY SOLUTIONS REPORTS FOURTH QUARTER AND FULL YEAR 2012 FINANCIAL RESULTS**

March 13, 2013

### **BRIGHT HORIZONS FAMILY SOLUTIONS REPORTS FOURTH QUARTER AND FULL YEAR 2012 FINANCIAL RESULTS**

BOSTON, MA - (March 13, 2013) - Bright Horizons Family Solutions Inc. (NYSE: BFAM), a leading provider of high-quality child care and early education services as well as other services designed to help employers and families address the challenges of work and life, today announced financial results for the fourth quarter and year ended December 31, 2012.

#### **Fourth quarter 2012 highlights:**

- Revenue increased 10% to \$273.4 million
- Income from operations rose 23% to \$27.9 million
- Adjusted EBITDA\* increased 21% to \$47.0 million
- Adjusted net income\* increased 10% to \$9.4 million

#### **Full year 2012 highlights:**

- Revenue increased 10% to \$1.1 billion
- Income from operations rose 10% to \$95.5 million
- Adjusted EBITDA\* increased 22% to \$180.8 million
- Adjusted net income\* increased 62% to \$37.8 million

"We delivered strong results this year as a result of our continued focus on growing and improving the quality of each of our services, while expanding our relationships with our existing clients and growing our footprint in the U.S. and in Europe," said David Lissy, Chief Executive Officer. "We have once again executed well and expanded our leadership position in our field by providing high quality solutions across key life stages that allow employers and working families to be more productive at home and at work. Those employers in turn are better able to adapt to the changing demographics and realities of today's workforce where dual working parent families are more of the norm, women are increasingly the primary breadwinners in their household and men are demanding and expecting more work-life balance than ever before."

#### **Fourth quarter 2012 results**

Revenue increased \$24.5 million in the fourth quarter of 2012 on contributions from new and ramping full service child care centers, average price increases of 3-4%, and expanded sales of our back-up dependent care and educational advisory services.

Income from operations increased \$5.2 million, or 22.7%, in the fourth quarter of 2012, driven by expanded gross profit. Enrollment gains in mature and ramping centers, contributions from new child care centers as well as back-up dependent care and educational advisory clients that have been added since the fourth quarter of 2011, and strong cost management have driven gross margin improvement from 21.5% in the fourth quarter of 2011 to 23.1% in 2012.

Adjusted EBITDA increased \$8.2 million, or 21.2% in the fourth quarter of 2012, primarily as a result of the \$9.7 million increase in gross profit, offset by increases in selling, general and administrative expenses ("SG&A") spending, including investments in technology and marketing to support the growth of the business.

Net income for the fourth quarter of 2012 increased by \$0.4 million, or 9.2%, and adjusted net income increased by \$0.9 million, or 10.2%, as a result of the \$5.2 million increase in operating income, offset by an increase in interest expense and income tax expense.

#### **Full year 2012 results**

Revenue growth of \$97.2 million for the full year 2012 was attributable to the contributions from new and ramping full service child care centers, average price increases of 3-4%, and expanded sales of our back-up dependent care and educational advisory services.

Income from operations increased \$8.6 million in 2012. Excluding the impact of the \$15.2 million non-recurring expense related to the exchange of stock options in the second quarter of 2012 which is included in SG&A, income from operations would have been \$110.7 million, an increase of \$23.8

million, or 27.4%. Consistent with the drivers in the fourth quarter of 2012, the expansion of gross margin from 21.3% in 2011 to 22.9% in 2012 was driven by enrollment gains in mature and ramping centers, contributions from new child care centers as well as back-up dependent care and educational advisory clients that have been added in 2012, and strong cost management that has driven operating efficiency.

Adjusted EBITDA increased \$32.3 million, or 21.8% in 2012 primarily as a result of the \$38.6 million increase in gross profit offset by increases in SGA spending.

Net income for the full year 2012 increased by \$3.7 million, or 78.7%, to \$8.5 million as a result of the \$8.6 million increase in operating income, offset by an increase in interest expense and income tax expense. Adjusted net income increased by \$14.4 million, or 61.5%, to \$37.8 million compared to 2011.

As of December 31, 2012, the Company operated 765 early care and education centers with the capacity to serve 87,100 children and families, a 4.5% increase in capacity since December 31, 2011.

"We are pleased to close out 2012 with continued revenue growth and margin improvement this quarter that position us well as we head into 2013," said David Lissy, Chief Executive Officer. "We added a total of 50 centers in 2012, and our back-up dependent care services and our educational advisory services each experienced strong growth during the year. We believe that our unique culture and work environment serves to differentiate us in our field. As such, we are proud to have been named for the fourteenth time as one of FORTUNE Magazine's "100 Best Companies to Work for" in America in January of this year. This recognition is a tribute to our talented and passionate team in our centers, schools, and offices who provide high-quality care, education, and support to the children, families and clients we have the privilege to serve."

*\*Adjusted EBITDA and adjusted net income are metrics used by management to measure operating performance. Adjusted EBITDA represents our earnings before interest, taxes, depreciation, amortization, straight line rent expense, stock compensation expense, expenses related to the initial public offering and refinancing that were completed in January 2013 and the sponsor management fee. Adjusted net income represents our net income determined in accordance with generally accepted accounting principles in the United States, or GAAP, adjusted for stock compensation expense, amortization expense, the sponsor management fee, expenses associated with our initial public offering and debt refinancing that were completed in January 2013, and the income tax benefit thereon. These non-GAAP measures are more fully described and are reconciled from the respective measures determined under GAAP in the table below.*

#### **Balance Sheet and Cash Flow**

During 2012, the Company generated approximately \$107.0 million of cash flow from operations compared to \$133.6 million in 2011, which included the collection of income tax refunds totaling \$25 million, and invested \$69.1 million in fixed assets, of which \$28.4 million related to new child care centers. The Company's cash and cash equivalents grew \$3.7 million in the year to \$34.1 million at December 31, 2012. On January 30, 2013, the Company repaid all of its outstanding indebtedness with the proceeds from our initial public offering of common stock and proceeds from the issuance of \$790 million in new secured term loans.

#### **2013 Outlook**

As described below, the Company is providing certain targets regarding its 2013 expectations.

- Overall revenue growth in 2013 in the high single digits (8-10%)
- Adjusted EBITDA growth in 2013 in the range of 14-17%
- Adjusted net income ranging from \$76-\$79 million in 2013, including the effect of reduced interest expense following the Company's debt refinancing on January 30, 2013.

In addition, the Company estimates that full diluted weighted average shares, as adjusted, will approximate 65-66 million shares in 2013 and 62.5 million shares for the first quarter of 2013. This includes the 11.6 million common shares issued in connection with the initial public offering and exercise of the overallotment option, from their respective dates of issuance, and assumes the conversion of the Class L shares into common shares as if that conversion occurred on January 1, 2013.

#### **Conference Call**

Bright Horizons Family Solutions will host an investor conference call today at 4:30 pm ET. The public and other interested parties are invited to listen to the conference call by dialing 1-877-407-0784, or for international callers, 1-201-689-8560, and asking for the Bright Horizons Family Solutions conference call, moderated by Chief Executive Officer David Lissy. Replays of the entire call will be available through March 20, 2013 at 1-877-870-5176, or, for international callers, at 1-858-384-5517, conference ID # 409846. A webcast of the conference call will also be available through the Investor Relations section of the Company's Web site, [www.brighthorizons.com](http://www.brighthorizons.com). A copy of this press release is available on the Web site.

#### **Forward-Looking Statements**

This press release includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." Bright Horizons Family Solutions' actual results may vary significantly from the results anticipated in these forward-looking statements, which can generally be identified by the use of forward-looking terminology, including the terms "believes," "expects," "may," "will," "should," "seeks," "projects," "approximately," "intends," "plans," "estimates" or "anticipates," or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we and our partners operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, the following: changes in the demand for child care and other dependent care services, including variation in enrollment trends and lower than expected demand from employer sponsor clients; the possibility that acquisitions may disrupt our operations and expose us to additional risk; our ability to pass on our increased costs; changes in our relationships with employer sponsors; our substantial indebtedness and the terms of such indebtedness; our ability to withstand seasonal fluctuations in the demand for our services; significant competition within our industry; our ability to implement our growth strategies successfully; as well as those risks and uncertainties described in the "Risk Factors" section of our prospectus filed with the Securities and Exchange Commission on January 25, 2013. These forward-looking statements speak only as of the time of this release and we do not undertake to publicly update or revise them, whether as a result of new

information, future events or otherwise, unless required by law.

#### Non-GAAP Measures

Adjusted EBITDA, adjusted income before taxes and adjusted net income are not presentations made in accordance with GAAP, and the use of the terms adjusted EBITDA, adjusted income before taxes and adjusted net income may differ from similar measures reported by other companies. We believe that adjusted EBITDA, adjusted income before taxes and adjusted net income provide investors with useful information with respect to our historical operations. We present adjusted EBITDA, adjusted income before taxes and adjusted net income as supplemental performance measures because we believe they facilitate a comparative assessment of our operating performance relative to our performance based on our results under GAAP, while isolating the effects of some items that vary from period to period. Specifically, adjusted EBITDA allows for an assessment of our operating performance and of our ability to service or incur indebtedness without the effect of non-cash charges, such as depreciation, amortization, the excess of rent expense over cash rent expense and stock compensation expense, and the effect of our sponsor management fee, which we will not owe for periods after the consummation of the initial public offering which was completed on January 30, 2013, as well as the expenses related to preparing for the initial public offering and refinancing which have been included in the statement of operations in 2012. In addition, adjusted income before taxes and adjusted net income allow us to assess our performance without the impact of the specifically identified items that we believe do not directly reflect our core operations. These measures also function as benchmarks to evaluate our operating performance.

Adjusted EBITDA, adjusted income before taxes, adjusted net income and adjusted EBITDA margin are not measurements of our financial performance under GAAP and should not be considered in isolation or as an alternative to income before taxes, net income, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with GAAP. The Company understands that although adjusted EBITDA, adjusted income before taxes and adjusted net income are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

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

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

#### About Bright Horizons Family Solutions Inc.

Bright Horizons Family Solutions® is 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. The Company provides center-based full service child care, back-up dependent care and educational advisory services to more than 850 clients across the United States, the United Kingdom, Ireland, the Netherlands, Canada and India, including more than 130 FORTUNE 500 companies and more than 75 of *Working Mother* magazine's 2012 "100 Best Companies for Working Mothers". Bright Horizons is one of FORTUNE magazine's "100 Best Companies to Work For" and is headquartered in Watertown, MA. The Company's website is located at [www.brighthorizons.com](http://www.brighthorizons.com).

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**Bright Horizons Family Solutions Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited, \$ in thousands)**

|                         | <b>Three Months Ended December 31,</b> |               |                   |               |
|-------------------------|--|---------------|-------------------|---------------|
|                         | <b>2012</b>                            | <b>%</b>      | <b>2011</b>       | <b>%</b>      |
| <b>Revenue</b>          | <b>\$ 273,426</b>                      | <b>100.0%</b> | <b>\$ 248,885</b> | <b>100.0%</b> |
| <b>Cost of services</b> | <b>210,321</b>                         | <b>76.9%</b>  | <b>195,485</b>    | <b>78.5%</b>  |
| <b>Gross profit</b>     | <b>63,105</b>                          | <b>23.1%</b>  | <b>53,400</b>     | <b>21.5%</b>  |

|  |          |       |          |       |
|--|----------|-------|----------|-------|
| Selling general & administrative                                 | 28,526   | 10.4% | 23,888   | 9.6%  |
| Amortization   | 6,635    | 2.4%  | 6,730    | 2.7%  |
| Income from operations   | 27,944   | 10.3% | 22,782   | 9.2%  |
| Loss from foreign currency transactions                          | -        |       | (36)     | 0.0%  |
| Interest income  | 46       | 0.0%  | 795      | 0.3%  |
| Interest expense   | (22,056) | -8.1% | (19,760) | -7.9% |
|  | (22,010) | -8.1% | (19,001) | -7.6% |
| Income before tax  | 5,934    | 2.2%  | 3,780    | 1.6%  |
| Income tax provision (benefit)                                   | 1,707    | 0.6%  | (90)     | 0.0%  |
| Net income   | 4,227    | 1.6%  | 3,870    | 1.6%  |
| Net income attributable to non-controlling interest              | 53       | 0.1%  | (89)     | 0.0%  |
| Net income attributable to Bright Horizons Family Solutions Inc. | \$ 4,174 | 1.5%  | \$ 3,959 | 1.6%  |

**Bright Horizons Family Solutions Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited, \$ in thousands)

|  | Twelve Months Ended December 31, |        |            |        |
|--|----------------------------------|--------|------------|--------|
|  | 2012                             | %      | 2011       | %      |
| Revenue  | \$ 1,070,938                     | 100.0% | \$ 973,701 | 100.0% |
| Cost of services   | 825,168                          | 77.1%  | 766,500    | 78.7%  |
| Gross profit   | 245,770                          | 22.9%  | 207,201    | 21.3%  |
| Selling general & administrative                                 | 123,373                          | 11.5%  | 92,938     | 9.5%   |
| Amortization   | 26,933                           | 2.5%   | 27,427     | 2.9%   |
| Income from operations   | 95,464                           | 8.9%   | 86,836     | 8.9%   |
| Gain from foreign currency transactions                          | -                                | 0.0%   | 835        | 0.1%   |
| Interest income  | 152                              | 0.0%   | 824        | 0.1%   |
| Interest expense   | (83,864)                         | -7.8%  | (82,908)   | -8.5%  |
|  | (83,712)                         | -7.8%  | (81,249)   | -8.3%  |
| Income before tax  | 11,752                           | 1.1%   | 5,587      | 0.6%   |
| Income tax provision   | 3,243                            | 0.3%   | 825        | 0.1%   |
| Net income   | 8,509                            | 0.8%   | 4,762      | 0.5%   |
| Net income attributable to non-controlling interest              | 347                              | 0.0%   | 3          | 0.0%   |
| Net income attributable to Bright Horizons Family Solutions Inc. | \$ 8,162                         | 0.8%   | \$ 4,759   | 0.5%   |

**Bright Horizons Family Solutions Inc.**  
**Non-GAAP Reconciliations**  
(Unaudited, \$ in thousands)

|   | Three Months Ended |           | Twelve Months Ended |            |
|---|--------------------|-----------|---------------------|------------|
|   | December 31,       |           | December 31,        |            |
|   | 2012               | 2011      | 2012                | 2011       |
| Net income  | \$ 4,227           | \$ 3,870  | \$ 8,509            | \$ 4,762   |
| Interest expense, net   | 22,010             | 18,965    | 83,712              | 82,084     |
| Income tax expense (benefit)                                    | 1,707              | (90)      | 3,243               | 825        |
| Depreciation  | 9,503              | 7,731     | 34,415              | 28,024     |
| Amortization (e)  | 6,635              | 6,730     | 26,933              | 27,427     |
| EBITDA  | 44,082             | 37,206    | 156,812             | 143,122    |
| Additional adjustments:   |                    |           |                     |            |
| Straight line rent expense (a)                                  | 1,046              | 630       | 2,142               | 1,739      |
| Stock compensation expense (b)                                  | 896                | 355       | 17,596              | 1,158      |
| Sponsor management fee (c)                                      | 625                | 625       | 2,500               | 2,500      |
| Expenses related to initial public offering and refinancing (d) | 401                | -         | 1,801               | -          |
| Total adjustments   | 2,968              | 1,610     | 24,039              | 5,397      |
| Adjusted EBITDA   | \$ 47,050          | \$ 38,816 | \$ 180,851          | \$ 148,519 |
| Net income  | \$ 4,227           | \$ 3,870  | \$ 8,509            | \$ 4,762   |
| Income tax expense (benefit)                                    | 1,707              | (90)      | 3,243               | 825        |
| Income before tax   | 5,934              | 3,780     | 11,752              | 5,587      |
| Stock compensation expense (b)                                  | 896                | 355       | 17,596              | 1,158      |
| Sponsor management fee (c)                                      | 625                | 625       | 2,500               | 2,500      |
| Amortization (e)  | 6,635              | 6,730     | 26,933              | 27,427     |
| Expenses related to initial public offering and refinancing (d) | 401                | -         | 1,801               | -          |
| Adjusted income before tax                                      | 14,491             | 11,490    | 60,582              | 36,672     |
| Adjusted income tax expense (f)                                 | (5,128)            | (2,994)   | (22,775)            | (13,259)   |
| Adjusted net income   | \$ 9,363           | \$ 8,496  | \$ 37,807           | \$ 23,413  |

(a) Represents rent in excess of cash paid for rent, recognized on a straight line basis over the lease life in accordance with Accounting Standards

Codification ("ASC") Topic 840, Leases.

(b) Represents non-cash stock-based compensation expense.

(c) Represents annual fees paid to the Company's Sponsor under a management agreement, which was terminated upon completion of our initial public offering on January 25, 2013.

(d) Represents the portion of costs associated with the preparation for the Company's initial public offering and refinancing of indebtedness, completed in January 2013, that are required to be expensed in accordance with generally accepted accounting principles.

(e) Represents amortization of intangible assets, including \$20.1 million, \$20.6 million, \$5.0 million and \$5.0 million in 2012, 2011 and for the three months ended December 30, 2012 and 2011, respectively, associated with intangible assets recorded in connection with our going private transaction in May 2008.

(f) Adjusted income tax expense includes the income tax expense (benefit) as reported plus the tax impact associated with the expenses described in notes (b) (c) (d) and (e), using an effective tax rate of 40%.

**Bright Horizons Family Solutions Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited, \$ in thousands)**

|   | December 31, 2012 | December 31, 2011 |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| Current assets:   |                   |                   |
| Cash and cash equivalents   | \$ 34,109         | \$ 30,448         |
| Accounts receivable, net  | 62,714            | 60,656            |
| Other current assets  | 39,194            | 33,101            |
| Total current assets  | 136,017           | 124,205           |
| Fixed assets, net   | 340,376           | 237,157           |
| Goodwill  | 993,397           | 947,371           |
| Other intangibles, net  | 432,580           | 453,117           |
| Other assets  | 11,262            | 9,314             |
| Total assets  | \$ 1,913,632      | \$ 1,771,164      |
| <b>LIABILITIES, NONCONTROLLING INTEREST AND STOCKHOLDERS' DEFICIT</b> |                   |                   |
| Current liabilities:  |                   |                   |
| Current portion of long-term debt                                     | \$ 2,036          | \$ 4,814          |
| Accounts payable and accrued expenses                                 | 97,207            | 89,033            |
| Deferred revenue and other current liabilities                        | 102,650           | 99,825            |
| Total current liabilities   | 201,893           | 193,672           |
| Long-term debt  | 904,607           | 794,443           |
| Deferred income taxes   | 146,404           | 156,144           |
| Other long term liabilities   | 52,388            | 44,984            |
| Total liabilities   | 1,305,292         | 1,189,243         |
| Redeemable noncontrolling interest                                    | 8,126             | 15,527            |
| Common stock, Class L, at accreted distribution value (1)             | 854,101           | 772,422           |
| Total stockholders' deficit   | (253,887)         | (206,028)         |
| Total liabilities, noncontrolling interest and stockholders' equity   | \$ 1,913,632      | \$ 1,771,164      |

(1) Prior to filing a registration statement with the Securities and Exchange Commission ("SEC") related to our initial public offering, Class L common stock was classified within stockholders' equity (deficit). In order to comply with SEC requirements as a public company, we reclassified Class L common stock outside of permanent equity for all periods presented. For further discussion on Class L common stock, see the consolidated financial statements and notes thereto for the year ended December 31, 2011 included in the Company's Prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, with the SEC on January 24, 2013.

**Bright Horizons Family Solutions Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited, \$ in thousands)**

|   | Twelve Months Ended<br>December 31, |          |
|---|-------------------------------------|----------|
|   | 2012                                | 2011     |
| Cash flows from operating activities  |                                     |          |
| Net income  | \$ 8,509                            | \$ 4,762 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                     |          |
| Depreciation and amortization   | 61,348                              | 55,451   |
| Amortization of OID and deferred financing costs                                  | 6,783                               | 6,330    |
| Proceeds from PIK notes   | 23,754                              | 20,902   |
| Stock based compensation  | 17,596                              | 1,158    |
| Deferred income taxes   | (12,045)                            | (5,872)  |
| Other non-cash adjustments, net   | 879                                 | 90       |
| Changes in assets and liabilities   |                                     |          |
| Accounts receivable   | (1,580)                             | (1,487)  |
| Income taxes  | (218)                               | 27,321   |
| Accounts payable and accrued expenses   | 1,155                               | 13,303   |
| Other, net  | 801                                 | 11,612   |
| Net cash provided by operating activities   | 106,982                             | 133,570  |
| Cash flows from investing activities  |                                     |          |

|   |             |          |
|---|-------------|----------|
| Additions to fixed assets, net of acquired amounts  | (69,086)    | (42,517) |
| Proceeds from disposal of fixed assets              | 21          | 4,851    |
| Payments for acquisitions, net of cash acquired     | (111,825)   | (57,326) |
| Net cash used in investing activities               | (180,890)   | (94,992) |
| Cash Flows from Financing Activities                |             |          |
| Principal payments of long term debt and revolver   | (5,472)     | (23,433) |
| Borrowings of long-term debt                        | 82,321      | -        |
| Other, net  | 356         | 152      |
| Net cash provided by (used in) financing activities | 77,205      | (23,281) |
| Effect of exchange rate changes on cash             | 364         | (287)    |
| Net increase in cash and cash equivalents           | 3,661       | 15,010   |
| Cash and cash equivalents, beginning of period      | 30,448      | 15,438   |
| Cash and cash equivalents, end of period            | \$ 34,109\$ | 30,448   |

**Bright Horizons Family Solutions Inc.**  
**Segment Information**  
(Unaudited, \$ in thousands)

|  |    | Full service<br>center-based<br>care | Back-up<br>dependent<br>care | Other<br>educational<br>advisory<br>services | Total       |
|--|----|--------------------------------------|------------------------------|--|-------------|
| <u>Year ended December 31, 2012</u>  |    |                                      |                              |  |             |
| Revenue  | \$ | 922,960\$                            | 129,336\$                    | 18,642\$                                     | \$1,070,938 |
| Amortization of intangibles  |    | 25,906                               | 725                          | 302  | 26,933      |
| Income from operations   |    | 60,410                               | 33,607                       | 1,447  | 95,464      |
| Income from operations, excluding the impact<br>of stock option exchange (1) |    | 71,650                               | 36,406                       | 2,624  | 110,680     |
| <u>Year ended December 31, 2011</u>  |    |                                      |                              |  |             |
| Revenue  | \$ | 844,595\$                            | 114,502\$                    | 14,604\$                                     | \$ 973,701  |
| Amortization of intangibles  |    | 25,178                               | 1,947                        | 302  | 27,427      |
| Income from operations   |    | 58,950                               | 28,669                       | (783)  | 86,836      |
| <u>Three months ended December 31, 2012</u>                                  |    |                                      |                              |  |             |
| Revenue  | \$ | 233,282\$                            | 34,581\$                     | 5,563\$                                      | \$ 273,426  |
| Amortization of intangibles  |    | 6,378                                | 181                          | 76   | 6,635       |
| Income from operations   |    | 16,302                               | 10,016                       | 1,626  | 27,944      |
| <u>Three months ended December 31, 2011</u>                                  |    |                                      |                              |  |             |
| Revenue  | \$ | 213,961\$                            | 30,819\$                     | 4,105\$                                      | \$ 248,885  |
| Amortization of intangibles  |    | 6,251                                | 403                          | 76   | 6,730       |
| Income from operations   |    | 14,558                               | 8,178                        | 46   | 22,782      |

(1) Income from operations excluding the \$15.2 million charge recorded in the second quarter of 2012 in connection with the exchange of existing options to purchase shares of Class A common stock for options to purchase a combination of shares of Class A common and Class L common stock.