Bright Horizons

Letter of Comment No: 2502 File Reference: 1102-100

May 18, 2004

To the Members of the Financial Accounting Standards Board:

I write to express our concern about the mandatory expensing of stock options as proposed by the Financial Accounting Standards Board.

Bright Horizons Family Solutions (NASDAQ: BFAM) has historically used modest broad-based stock option grants as long-term incentives for our front line managers. We work in the field of early childhood education where the continuity of care and management provided by employees is critical to providing the highest-quality care for young children and their families. These options have not only helped build employee loyalty, but have also differentiated us from our competitors in recognizing the value of longer-term employment. Modest option grants have allowed us to attract and retain talent in this competitive industry distinguished by low pay and high turnover. In our experience, options have not substituted for cash compensation but rather have helped us to connect our employees with their contribution to the company's mission, financial success and entrepreneurial spirit.

We do not disagree with the FASB that there is a cost to shareholders of using stock options. But we believe the cost is properly calibrated to the company's operating success and is well aligned with shareholder interests, as the value of options to employees is dependent on an increasing stock price. The "cost" of options is already reflected in financial statements in the dilution of earnings per share. Other proposed models to account for options expense, such as Black-Scholes or lattice models, are highly speculative and imperfect measures of the "cost" of employee stock options and may result in flawed expense calculations, diminishing the usefulness of financial statement disclosure.

We understand and appreciate that the FASB expensing rule comes in reaction to the irresponsible dependence on stock options grants by some companies, particularly in the technology sector, over the past several years. But we urge further study and alternate proposals to address this issue before implementing a rule that will adversely impact on companies like Bright Horizons that have used options grants judiciously and with restraint over the years. Not only would the rule put us at a critical disadvantage as we face a difficult recruiting and retention climate, but it would also take away our employees' ability to connect in a meaningful way with the company's growth and financial success.

Sincerely,

David H. Lissy Chief Executive Officer