JEN K.

ChildrenFirst Inc.

Excellence in Backup Child Care

Boston · San Francisco · Chicago · Los Angeles · New York

Rosemary Jordano - ChildrenFirst Inc.®

Rosemary Jordano is the President and founder of Children**First** Inc.® (CFI), a Boston-based company of over 100 professionals specializing in the design, development, and management of backup child care facilities. Backup child care is intended for use when regular care breaks down and serves infants through school-age children. Since its inception in 1992, Children**First** has grown to serve more than 150 blue-chip corporate clients across the country in 5 cities (Boston, Chicago, New York, Los Angeles, and San Francisco). In 1996, we had 9,500 children benefit from our care, using our centers over 29,000 times. In 1997, we expect to open three additional centers and to have 12,000 children registered. Our success is echoed in our 100% client retention rate over five years of operation.

From the outset, Ms. Jordano recognized that aligning the interests of business with those of children and families is an ideal means of guaranteeing the highest quality of child care. Backup child care is a win-win solution; employees have access to world-class care, subsidized by their employers, and employers have the assurance that their employees will be at work rather than at home with a child care crisis.

Ms. Jordano founded Children**First** on four fundamental principles:

1. To set the standards of excellence in backup child care,
2. To improve clients' profitability through work/family programs,
3. To support and promote the professionalism of educators, and
4. To have a positive impact on the communities in which CFI operates.

Every aspect of CFI's operations supports these goals, from uniquely designed Centers and full-time early childhood educators to the tightest teacher-to-child ratios in the industry. Children**First** has defined quality backup child care.

Ms. Jordano believes that business is an efficient and powerful vehicle for social change. Leading by example, Ms. Jordano began outreach to the children and families of the communities in which Children**First** operates. CFI began by inviting nonprofit organizations which serve children and families (such as City Year) to use our Centers. In order to affect the community more directly, Ms. Jordano donated her most valuable resource – world-class teachers – to serve as volunteers in emerging literacy programs nationwide. In Boston, New York and Chicago, our teachers work with Reach Out and Read programs. Most recently, Ms. Jordano was invited to the Presidential Summit for America's Future, where Children**First** promised 100 volunteer hours per employee, and 1000 days of backup child care. She is currently exploring new means of reaching the community through such strategies as establishing community-based backup child care centers and donating capacity in existing centers to families in under-served communities.

Ms. Jordano graduated magna cum laude with a Bachelor's Degree in Economics and Psychology from Wellesley College (1984). She holds a Master's Degree in Developmental Psychology from Oxford University in England (1986), and a Master's Degree in Business Administration from Stanford University (1989). Prior to founding Children**First**, Ms. Jordano worked as a financial analyst for Merrill Lynch Capital Markets in New York and Los Angeles. She is the recipient of an International Rotary Scholarship, The Pinnacle Award for Achievement in Business from the Greater Boston Chamber of Commerce and the Stanford Graduate School of Business Leadership Award. In addition, Children**First** has been included on the Secretary of Labor's Working Women Count Honor Role. Ms. Jordano is a literacy volunteer with her colleagues at the Reach Out and Read Program at Boston Medical Center and a former Girl Scout Troop Leader. She also serves as a member of the National Leadership Council of Share Our Strength in Washington, D.C.

ChildrenFirst® Work Family Centers

Boston

The Children's Center at Ropes & Gray
One International Place
Boston, MA 02110

The Children's Center at One Financial Center
One Financial Center
Boston, MA 02111

Chicago

ChildrenFirst at 500 West Monroe
500 West Monroe Street
Chicago, IL 60661

Los Angeles

ChildrenFirst at 550 South Hope
550 South Hope Street
Los Angeles, CA 90071

New York

The Children's Center at 200 Park Avenue
200 Park Avenue
New York, NY 10166

The Children's Center on Fifth Avenue
630 Fifth Avenue
New York, NY 10111

ChildrenFirst at 125 Broad Street
125 Broad Street
New York, NY 10004

(New York continued)

The Children's Center at Bankers Trust Plaza
130 Liberty Street
New York, NY 10006

The Children's Center at Bankers Trust Harborside
(For the exclusive use of Bankers Trust employees)
34 Exchange Place
Jersey City, NJ 07303

The Children's Center at Goldman Sachs
(For the exclusive use of Goldman Sachs & Co. employees)

The Children's Center at New York Life
51 Madison Avenue
New York, NY 10010

San Francisco

ChildrenFirst at 555 California
555 California Street
San Francisco, CA 94104

To find out how ChildrenFirst Inc. can help your company, contact your area representative or our National Marketing Director at (617) 330-8687.

ChildrenFirst® Clients (partial list)

More than 150 progressive corporations and organizations entrust Children**First**® with the care of their employees' children, including:

Advertising

Ammirati Puris Lintas
Arnold Communications, Inc.

Consumer Products/Manufacturing

Avon Products Inc.
Bristol–Myers Squibb Company
Colgate–Palmolive Company
The Estée Lauder Companies, Inc.
The Gillette Company
Pfizer Inc.
Philip Morris Companies, Inc.
Revlon
Sara Lee Corporation
USG Corporation

Entertainment/Media/Publishing

The Condé Nast Publications Inc.
National Broadcasting Company
The New Yorker
Sony Music Entertainment, Inc.

Financial Services

Bankers Trust Company
Credit Suisse First Boston Corporation
Donaldson, Lufkin & Jenrette Inc.
First National Bank of Chicago
Goldman, Sachs & Co.
Heller Financial, Inc.
Merrill Lynch
J.P. Morgan & Co., Incorporated
Montgomery Securities
Morgan Stanley & Co., Incorporated
Salomon Brothers Inc.
Scudder, Stevens & Clark, Inc.
State Street Boston Corporation
Transamerica Corporation

Insurance

Chubb & Son Inc.
The Equitable Life Assurance Society
Interstate National Corporation
Johnson & Higgins
The Metropolitan Life Insurance Company
The New York Life Insurance Company
TIAA–CREF
The TravelersGroup

Law

Davis Polk & Wardwell
Gibson, Dunn & Crutcher LLP
Howrey & Simon
Kirkland & Ellis
Latham & Watkins
Morrison & Foerster LLP
O'Melveny & Myers LLP
Pillsbury Madison & Sutro LLP
Ropes & Gray
Sidley & Austin
Simpson Thacher & Bartlett
Sullivan & Cromwell

Professional Service Firms

Arthur Andersen LLP
The Boston Consulting Group, Inc.
Coopers & Lybrand LLP
Deloitte & Touche LLP
Ernst & Young LLP
Information Resources Inc.
Price Waterhouse LLP

Transportation/Utilities

GATX Corporation
Pacific Enterprises LLP

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Mission Statement

Children**First**® is the leader in the development and operation of innovative backup child care centers.

Our team of energized professionals sets the standards of excellence in quality care and education for children.

We serve thousands of children of working families through employers who value balancing the challenges of work and family life.

Children**First** transforms the realities of today's working parents into active answers for tomorrow's work and family programs.

The success of our mission depends upon our people living our values:

- Honesty and Integrity
- Communication
- Dedication to Team
- Innovation
- Nurturing of Children and Families

ChildrenFirst Inc.
Excellence in Backup Child Care

ChildrenFirst Inc.®

ChildrenFirst® is the national leader in corporate backup child care in the United States. Founded in 1992, Children**First** transforms the realities of today's workplace into innovative solutions that help corporations and their employees balance the demands of work and family. Children**First** sets the standards for excellence in backup child care. We work with more than 150 progressive companies and care for more than ten thousand children each year in our work and family centers across the country.

"Children**First** is a world class operation run by bright, caring professionals."

Peter Gurney,
Managing Director
Bankers Trust
Company

Our corporate mission and values are guided by four principles.

ChildrenFirst Guiding Principles:

1 Set the standards of excellence in backup child care.

Children always come first. We provide exemplary care and education while maintaining the highest standards of safety, security, staffing, and operations. We have the organizational depth to deliver the highest quality and value in backup child care available anywhere.

2 Positively affect client profitability.

Competition is fierce in today's marketplace, which is why Children**First** created a work and family benefit that provides a strong, measurable return on investment for our clients. Our client companies consistently find that our backup child care services quickly pay for themselves by enhancing employee recruitment, improving productivity, strengthening employee retention, and boosting morale.

3 Support the professional development of our staff.

We strongly believe there is a direct correlation between the quality of child care and the education and training of providers. Our staff of early childhood professionals is recruited from the nation's top schools of education, paid higher-than-average salaries, and receive full benefits. Benefits like tuition reimbursement and the opportunity to be promoted within the company result in a staff turnover rate of 13%, far below the child care industry average of 45%.

4 Positively enhance our communities.

Children**First** believes business is a powerful vehicle for affecting social change. We act on that belief. Every year, we donate our expertise in early childhood education, backup child care services, and other resources to support the communities in which we operate. Children**First** also offers innovative ways for client companies to join us in participating in our community support activities.

To find out how ChildrenFirst Inc. can help your company, contact your area representative or our National Marketing Director at (617) 330-8687.

Our year of Community

1996 Year in Review

ChildrenFirst Inc™

Excellence in Backup Child Care

ChildrenFirst® is the leader in the design, development and operation of corporate-sponsored backup child care centers.

Backup child care is used by employees of client companies when their primary child care is unavailable.

ChildrenFirst's twelve centers are currently located in five cities nationwide: Boston, Chicago, Los Angeles, New York and San Francisco. Our goal is to continue to expand to meet the needs of our corporate clients and their working families across the country.

ChildrenFirst's corporate headquarters is located at One International Place, Boston, Massachusetts.

For more information, contact

ChildrenFirst Inc.
One International Place
Boston, Massachusetts 02110
Phone 617-330-8687
Fax 617-330-8685

Dear Friends and Colleagues:

1996 was a year of unparalleled growth! Even with all our new centers, faces, programs and strategies, one thing has remained the same - our unwavering commitment to providing the highest quality backup child care possible.

On December 7, 1996, ChildrenFirst® began its fifth year of operation. For me, it hardly seems possible - so much has happened in such a short time. In founding ChildrenFirst, I was inspired by something my mother once said to me, "You can do anything you want to do - just be passionate about what you choose." Following my mom's advice, my vision was to create an organization whose mission embraced the community at large and where our work was a reflection of our values.

My belief has always been that business can be an effective vehicle for social change. Moreover, I believe aligning the interests of business with the interests of family is and will be increasingly more powerful. For this reason, ChildrenFirst was formed to set the standard of excellence in child care; to raise the level of respect and recognition for educators; to enhance corporate profitability through work and family programs; and to have a positive and lasting impact on the communities in which we operate.

Community Outreach

In our first years of operation, we focused our efforts on standards of care and earned a reputation for excellence in the care of children while building the business case for backup child care. What was most exciting in 1996, in addition to becoming a national organization, was including a community focus in our work. This year, we began to align our services and resources to serve the communities where we operate. Rather than contributing dollars, we shared our talents and resources such as our teachers, our corporate staff and our child care services in Boston, New York and Chicago. We touched the lives of more than 500 children and families by taking time during our workday to share our skills as teachers, promoting literacy in these communities. We hope to broaden our community focus in 1997 to include Los Angeles and San Francisco, and to begin to involve our client companies.

Utilization of Centers

1996 was a banner year for utilizations and registrations across our centers. Extending our reach to children and working families nationally, our twelve Centers were utilized more than 29,000 times by 9,475 children of the employees of our 120 corporate clients. We were proud to add 67 new companies to our growing family and to have nearly 30% of our existing clients expand to participate in multiple centers across the country.

Dear Friends and Colleagues cont.

1997 - The Year of CustomerFirst

Each year, Children**First** adopts a corporate focus to identify the goal we desire to achieve most. Our first years were aptly named: "The Year of Foundation", "The Year of Leadership" and "The Year of Community".

In 1997, as we aim to take customer service to a new level, the needs of our parents, children and clients will guide the efforts of the entire Children**First** team. To borrow a title from the children's book by Stan Berenstain, 1997 will be "The Year of Inside, Outside, Upside Down". As we continue to hone our operating principles *inside*, and work in our communities *outside*, each Children**First** employee will be trained and supported in his/her effort to practically turn *upside down* to accommodate our clients' needs. In addition to our current business goals of measuring utilization, registrations, sales, staff and client retention, and community hours served, we have now added a new indicator of success, Customer Satisfaction. A new department will be dedicated solely to providing our families and corporations with the best services available. For us to remain the leader in our industry, our most critical interaction - one teacher with one child - must continue to embody the standard of excellence we have come to expect and to define.

I hope you enjoy the accomplishments chronicled in our "1996 Year in Review Report". The daily teacher-child interactions, the commitment of our staff to customer service, and the passion we have for our work are the sum of who we are. We continue to be blessed with success. But, in the beginning of each new year, I go back to an experience in our first year of business. After a presentation, a then-prospective and now-current client turned to our team and said, "I've never seen anything like this. All of you really have your hearts in this." No matter how large we grow to be, the key is to remember that our success will continue to be tied to the passion we hold for our work and a continuing commitment to our clients and their families. Moreover, I knew then, as I know now that my mother would be proud of all that we have accomplished. In our passion for our work, we honor her advice.

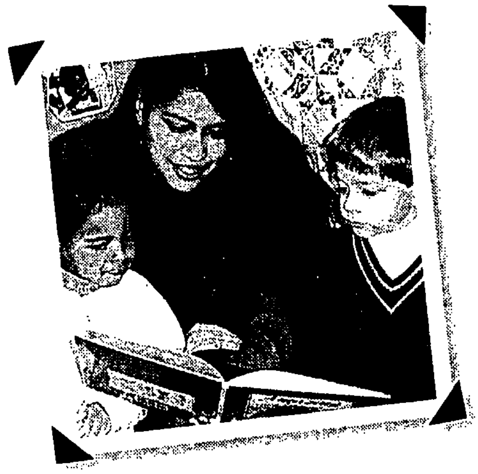
Thank you for another wonderful year, and for having your hearts in your work. The dedication each of you brings to Children**First** makes us the organization recognized nationwide for its excellence in child care. My hope is that we inspire others to join us in this vision and to try this way of working with passion. I wish each of you continued success and eagerly look forward to 1997.

Warmest regards,

Rosemary Jordano

Rosemary Jordano
President

Community



We believe that success in business and social responsibility are compatible goals. In 1996, ChildrenFirst set out to share our expertise and skills in order to make a difference not only in the lives of children and the families of our client companies, but also within the communities in which we operate. This year we supported:

City Year

City Year is an innovative program in which young adults from diverse racial, cultural, and socioeconomic backgrounds dedicate themselves to a year of full-time community service, leadership development and civic engagement.

In line with our focus of enhancing our communities, ChildrenFirst sponsored a City Year team whose members worked as Teacher's Assistants at a Head Start Program in Boston. Head Start is an early intervention program for infants, toddlers and pre-schoolers. Their mission is to give at-risk children a "head start" on developing critical learning behaviors.

ChildrenFirst also donated use of our backup child care services (at One Financial Center in Boston) for the 300 City Year corps members and City Year employees to assist them in meeting their service commitments.

Reach Out and Read

Reading to a child is the single best predictor of literacy development, yet only half of all American children are routinely read to by their parents. To address this need, we at ChildrenFirst identified an exciting national literacy intervention program, Reach Out and Read (ROR), which was very much in need of volunteers. Founded in 1988 at Boston Medical Center, ROR integrated literacy development into the regular care children receive at pediatric outpatient clinics in public hospitals. The program is an especially good fit for ChildrenFirst since ROR volunteers work with an ever-changing population of children of all ages, just as we do in our centers every day.

By the end of 1996, our volunteers had spent 162 hours reading 396 books to 502 children in the pediatric waiting rooms of hospitals in Boston, New York and Chicago - an incredible accomplishment for a company our size! In addition, we wrapped up 1996 with a very successful book drive in which our centers collected 1,297 books for donation to the ROR program.

In 1997, our outreach to the community continues with City Year and Reach Out and Read. We will begin partnering with our client companies to provide a more expansive volunteer base. We will also explore innovative partnerships whereby clients can donate space in ChildrenFirst centers for use by community groups who share the common mission of nurturing parents, children and families.

Sales and Marketing

We set out in 1996 to build a first-rate sales organization and significantly heighten public and corporate awareness of our company and its quality of services through marketing and public relations campaigns.

External Growth

Sixty-seven new clients signed on with ChildrenFirst, more than doubling the number of companies served. Of our 120 clients, almost 30% use centers in two or more locations, further cementing ChildrenFirst's position as the national leader of backup child care services.

We extended our reach in 1996 to include clients in the transportation, management consulting, advertising, financial services and commercial banking industries. Today we proudly count a majority of the Big Six accounting firms as clients, as well as an impressive roster of Fortune 500 companies, law firms and investment banks.

Internal Growth

Our spectacular increase in clients is due to the focus of our sales team, which grew from five to nine professionals in 1996. We now have a dedicated sales person in every city in which ChildrenFirst operates, thus allowing us to provide a customer service advantage that is unparalleled in our industry.

School-age camps and weekend care are two new services that were formally launched with exceptional success for clients and potential clients alike. New partnerships were created with four companies through pilot programs of school-age camps and Saturday child care. Once these companies had the opportunity to experience the benefits of ChildrenFirst backup care, the value of providing the service to their employees on an annual basis was unquestionable.

Parent Outreach

Parents - their enthusiasm for ChildrenFirst spurs our success. In 1996, we developed an ambitious outreach program to strengthen our communication with parents at our client companies. To that end, more than 100 outreach events were held this year! Coast to coast, our centers hosted dozens of Open Houses, Introductory Visits and Corporate Family Days so that parents could experience first hand the exceptional quality of our staff, facilities and services and share their feedback.

Recognition

ChildrenFirst was the recipient of numerous nominations, awards and accolades in 1996. We are proud to announce that four champion companies of the American Business Collaborative have recommended ChildrenFirst as the premiere solution to address their employees' need for backup child care.

Sales and Marketing cont.

ChildrenFirst was also honored by the U.S. Department of Labor's Working Woman Honor Roll for our efforts to create positive change for working women across the country. And in November, we were invited to speak in California at Governor Pete Wilson's Fifth Annual Conference for Women, joining a panel of accomplished and passionate child care and education specialists.

In a ceremony hosted by The Women's Network of the Greater Boston Chamber of Commerce, Rosemary Jordano, President and Founder of ChildrenFirst, was awarded the "Pinnacle" award for achievement in business. Chamber President Bill Coughlin congratulated Rosemary by stating, "Women continue to play increasingly important roles in every workplace setting. The women honored today are outstanding examples of the talented women in our business community."

ChildrenFirst continues to attract such national media attention as CNN's "It's Only Money", NBC Nightly News With Tom Brokaw, United Press International and Associated Press. This attention helps to expand corporate and public awareness of the value of backup child care to assist working parents.

CHILDRENFIRST • 1996 •

ChildrenFirst was also honored by the U.S. Department of Labor's Working Woman Honor Roll for our efforts to create positive change for working women across the country.

Operations

Utilization and Registration

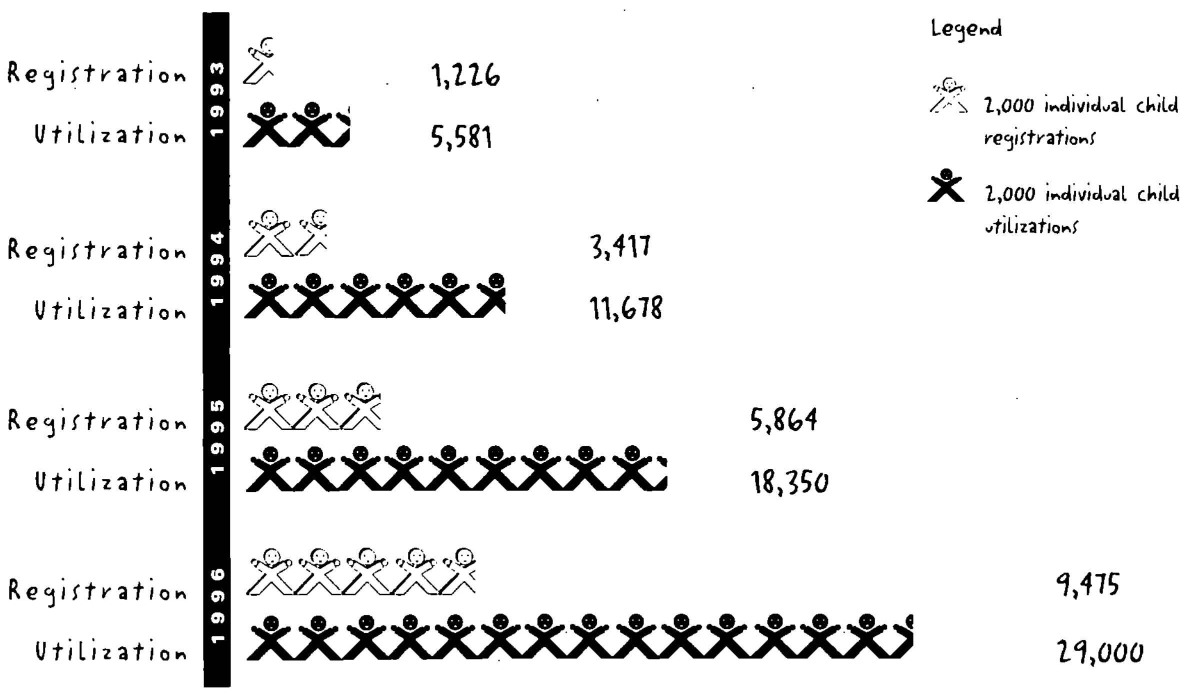
ChildrenFirst generated explosive growth in registrations and utilization in 1996, thanks to the sales force and operations team's signing of new clients and the effective marketing of the service to parents at client companies.

In 1996, our centers experienced 29,000 individual child utilizations, and due to our enhanced parent outreach programs, our number of registered children was 9,475 at year end.

These achievements, our professional staff, and our dedicated attention to customer service set a new benchmark for reaching more families and serving more communities in the coming years.

National Training Program

The Operations team at ChildrenFirst prides itself on its motto: "No Margin for Error" through its attention to detail, awareness of clients' needs (children, parents and corporations) and extensive training. In June of 1996, we introduced a three-day national training program focused on business and educational components to ensure consistent high quality programs nationwide.



Operations cont.

"Peace of Mind"

To give us "Peace of Mind" that children were receiving the highest quality care possible, the Operations team continued to reinforce standard operating policies and procedures for all ChildrenFirst centers. A strong corporate infrastructure guarantees that our staff's energy is focused on making sure that our children have successful and fulfilling days at ChildrenFirst. Knowing that the foundation is solid, our teachers are free to devote their attention to our most important asset - the children we see every day.

New Registration

In response to parents' comments, we created a streamlined registration process that involves just a few pages of paperwork. The new format will be introduced in early 1997 and we expect it to facilitate an increase in registrations next year. A cross-functional team from operations, licensing and marketing worked together to make this parent request a reality.

NAEYC

The National Association for the Education of Young Children (NAEYC) is the only organization recognized nationally for validating the standards of high quality child care programs. ChildrenFirst is beginning the process of gaining NAEYC accreditation for our centers across the country. The process will take a year to complete and it will be a mark of distinction in our industry. We are excited that backup child care is now a formal category and now available for accreditation.

Committee Accomplishments

This year, as in 1995, almost all ChildrenFirst staff participated in at least one of our committees. In these groups, staff are given a forum to brainstorm and exchange information and ideas, as well as to develop new programs for the centers. This year alone, the Curriculum committee focused on how to incorporate the latest computer technology into our curriculum; the Environment committee developed a checklist of appropriate elements of the center environment for new centers to use as a guideline; a variety of company-wide training sessions were sponsored by our Staff Development committee; the Outreach committee helped with the execution of the second annual National Open House; and the Work and Family committee developed valuable resources and materials for parents in our centers.

Human Resources

Team Additions

At ChildrenFirst, where the success of our mission depends upon our people, we place a special emphasis on the development of our staff. 1996 ended with the addition of our new Director of Human Resources, Monica Brunaccini.

Annual Open House

Our second annual Open House was held in all five cities simultaneously and attracted hundreds of educators and potential candidates for employment. The purpose of this event was to educate the academic community on the specialty of backup child care and ChildrenFirst's standards of excellence. We formed alliances with 50 universities and continued to strengthen our relationship with educational leaders.

Sharing Our Expertise

In 1996, we relied upon the expertise of one of our directors, Tracy Reed, to conduct training in the care and development of infants and toddlers. We were also honored to be asked to present on this subject at the NAEYC national conference in Nashville and are proud that Tracy, Myra Oria and Kim Gregory could represent us.

"Voices of Community"

In 1996 we introduced "Voices of the Community" as a new company-wide vehicle of communication. Employees were asked to complete a questionnaire as well as participate in focus groups which enabled them to share their thoughts about the company. We believe that feedback from our staff is essential to our continued improvement. In this way, we also outline opportunities to continuously improve services for our customers and maintain our leadership role in the industry.

The overwhelming response led us to create the ChildrenFirst Shadow Program so that employees could gain a better understanding of the various functional areas of the company. In this program, an educational professional shadows a corporate professional, and vice versa. In 1996 we completed our first exchange. Assistant Director from New York Life, Bonnie Chall shadowed President, Rosemary Jordano in Boston for two days, and in turn, Rosemary shadowed Bonnie in the classroom.

In addition, in 1996, we introduced the concept of cross-functional accountability through our quarterly employee meetings. We brought together a cross-section of employees from across the country to review corporate goals, values and to receive an update on the "state of the company". These employees participated in customer service and team building exercises designed to develop our employees while improving customer service. The success of those meetings will culminate in ChildrenFirst Day, on February 1, 1997. Our entire staff will come together for a company-wide meeting in Boston to review the many successes of 1996 and to communicate and to reinforce the goals for 1997.

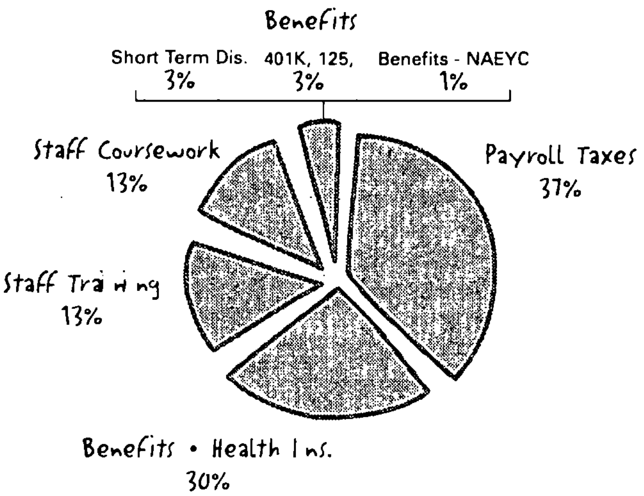
Finance

On Becoming A National Organization...

In addition to opening two new centers in Manhattan, our national expansion took us west in 1996, as ChildrenFirst opened centers in Los Angeles and San Francisco.

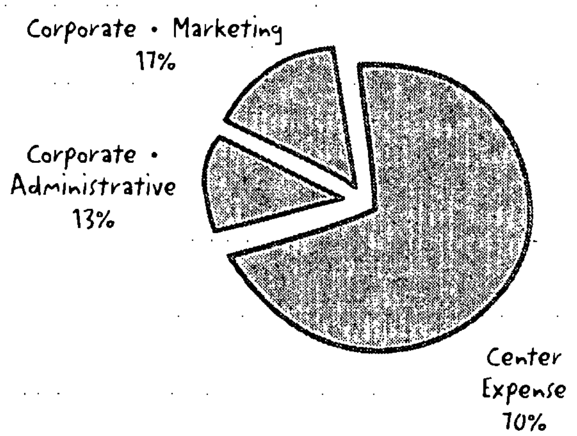
The critical element of successfully replicating ChildrenFirst's quality from coast to coast is our dedication to our staff. This is represented through a commitment to staff development including coursework, training and seminars. We believe that the delivery of a high quality service requires the retention of high quality people.

Benefit Allocation



Center costs continue to demand the greatest percentage of overall company expenses. In addition to our high caliber staff, it is our secure facilities, uniquely designed layouts, premier real estate locations and risk management that make ChildrenFirst the undisputed leader in the industry.

ChildrenFirst 1996 Expense Distribution



In 1996, we also rounded out our Finance team with the addition of Chief Financial Officer, Jean Gosselin.

Center Development & Licensing Update

Center Development

ChildrenFirst's 12 centers and five corporate offices now occupy almost 43,000 square feet of Class A downtown office space in five cities across the country. In 1996, our national development brought us to Chicago, Los Angeles, San Francisco and expanded our presence in New York. With such exceptional growth, managing lease obligations, maintaining and improving our environments and performing market feasibility and site selection analyses became critical elements of ChildrenFirst's strategic plan.

As a result, Center Development was added as a new corporate function in the spring of 1996, headed by Pat Forbes. This department guides development initiatives; explores ways of designing centers to accommodate new markets and products; increases cost-efficiency; and manages risk while furthering the company's growth.

The first center developed by ChildrenFirst, The Children's Center at Ropes & Gray, doubled in size in 1996. This successful program added 1,000 square feet to the preschool and school-age classrooms, a multi-level climbing structure, and improved security systems. These enhancements were in response to the ever-rising utilization of the Center by its three client companies.

Licensing

This was a busy year for Licensing! Three new centers opened and eight centers underwent licensing renewals. Several of these renewals also included capacity increases.

In order to facilitate the licensing renewal process, a training manual for center staff and directors was developed and an awareness program implemented.

ChildrenFirst's 12 centers and five corporate offices now occupy almost 43,000 square feet of Class A downtown office space in five cities across the country.

Awards

ChildrenFirst is committed to recognizing and rewarding the accomplishments of our colleagues. Our most prestigious awards are Employee of the Year and Leader of the Year. Employees are nominated by their peers and are selected on an annual basis.

Employee of the Year

The Employee of the Year is recognized as an employee who is considered a role model for others. This individual must excel in their job as well as practice and promote the ChildrenFirst values. In 1996, Mary Ellen Zung, Regional Marketing Manager in New York, was awarded this honor. Mary Ellen consistently demonstrates enthusiasm and professionalism in all her interactions. She is a team player and an ambassador of the ChildrenFirst vision. Mary Ellen eagerly takes on new responsibilities and shifts gears as necessary to ensure ChildrenFirst achieves its goals. Mary Ellen has worked diligently for almost four years, building ChildrenFirst's reputation in New York and has added many prestigious names to our family of clients.

Leader of the Year

ChildrenFirst's Leader of the Year is considered a strong leader and mentor, empowering others to ensure ChildrenFirst achieves its mission. In 1996, Magda Santos, Director of The Children's Center at Bankers Trust Harborside, was awarded this honor. Magda has been with ChildrenFirst for over two years, and is extremely dedicated to the company and her colleagues. Magda showed her team spirit by assisting with the restructuring of the San Francisco center. In addition, Magda was instrumental in piloting a Mentorship Program in New York, which was an exciting educational experience for all participants. Magda has proven herself an effective and creative educator and leader who is passionate about her work and respected by her colleagues.

The two recipients above will both be awarded a bonus, half of which shall be donated to the charity of their choice. Selection for these awards was made through a company-wide election held in December. They will also be recognized in a company-wide presentation at ChildrenFirst Day on February 1, 1997. This event will focus around team building and creating a sense of unity and commitment to our corporate mission and values.

ChildrenFirst Inc.

Management Team

Top row (left to right): Mary Snow, *Director of Operations*, Jean Gosselin, *Chief Financial Officer*, Patricia Forbes, *Director of Center Development*, Monica Brunaccini, *Director of Human Resources.*
Bottom row (left to right): Marcia Stankard, *National Marketing Director*, Rosemary Jordano, *President*

ChildrenFirst's Management Team sets strategy, initiates new product ideas and shapes development plans. This team embodies ChildrenFirst's standards of cross-functional thinking and action. In addition to creatively meeting the needs of our children, parents and corporations, the Management Team reports on business development to its Board of Directors and investors.

ChildrenFirst Inc. cont.

The Children**First** team includes the following list of distinguished colleagues:

Corporate

President
Rosemary Jordano

Chief Financial and Administrative Officer
Jean Gosselin

Director of Operations
Mary Snow

Regional Operations Managers
Karen Heineman
Jennifer Stadler

Parent Outreach
Phyllis Spinale

National Marketing Director
Marcia Stankard

Regional Marketing Managers
Peggy Altherr (New York)
Louise L'Abbe (Boston)
Elizabeth Nagel (San Francisco)
Angela Sotos (Chicago)
Mary Ellen Zung (New York)

National Marketing Coordinator
Melissa Black

Regional Marketing Coordinator
Kathleen Lavery (Chicago)

Director of Human Resources
Monica Brunaccini

Human Resources Manager
Megan Ashe

Director of Center Development
Patricia Forbes

Licensing Coordinator
Betty Donovan

Controller
William Marsland

Assistant Controller
Sonia Anderson

Accounts Payable
Tanya Ranieri

Executive Assistant
Barbara Wollan

Receptionist
Rose Malary

Centers

ROPES & GRAY - BOSTON

Nancy McCarthy, Director
Paula Vetrano, Assistant Director
Marcie Philcrantz, Teacher
Brenda Sperry, Teacher
Hillary Van Dyke, Teacher

ONE FINANCIAL CENTER - BOSTON

Brigitte Laurence, Director
Lisa Alexander, Assistant Director
Susan Johnson, Teacher
Debbie Botto, Teacher
Diane Miller, Teacher
Leslie Anne Boria, Teacher

BANKERS TRUST PLAZA - NEW YORK

Tracy Reed, Director
Maribel Mejia, Lead Teacher
Amy Fedele, Lead Teacher
Stacey Feit, Teacher
Jeanette LaFond, Teacher
Dana Beaman, Administrative Assistant

BANKERS TRUST HARBORSIDE - NEW YORK

Magda Santos, Director
Sandy Willsch, Lead Teacher
Lynette Shenk, Teacher
Susan Fersner, Teacher
Celines Vega, Teacher

ROCKEFELLER CENTER - NEW YORK

Maureen Tichenor, Director
Deb Lee, Assistant Director
Karen Mielcarek, Teacher
Vicki Cutting, Teacher
Annalee Hamilton, Administrative Assistant

125 BROAD - NEW YORK

Nancy Clements, Director
Kirsten Doell, Lead Teacher

GOLDMAN SACHS - NEW YORK

Tracey Barrios, Director
Jen Neal, Assistant Director
Jackie Weilheimer, Lead Teacher
Melissa Sann, Teacher

200 PARK - NEW YORK

Myra Oria, Director
Pamela Rabinowitz, Lead Teacher
Janet McVay, Teacher
Lizette Rivera, Teacher
Shira Bogot, Teacher

NEW YORK LIFE - NEW YORK

Beverly McAllister, Director
Bonnie Chall, Assistant Director
Vimala Muralee, Teacher
Jennifer Pellman, Teacher
Patty Amodeo, Administrative Assistant

500 WEST MONROE - CHICAGO

Constance Reid-Wilkerson, Director
Kim Gregory, Assistant Director
Jennifer Fitzgerald, Lead Teacher
Maria Trekas, Teacher
LaMonica Stephens, Teacher

550 SOUTH HOPE - LOS ANGELES

Ann Saneto, Director
Jeannette Archambault, Assistant Director
Estele Maria Gonzalez, Teacher
Lauren Stevenson, Teacher

555 CALIFORNIA - SAN FRANCISCO

Laura Monterosso, Director
Katherine Murphy, Assistant Director
Heather Munro, Lead Teacher

Special Thanks

"To accomplish great things, we must not only act, but also dream; not only plan, but also believe."

-Anatole France

As we enter our fifth year of operation, we would like to take a moment to thank the many clients and friends who have sustained and supported us through the years. For believing in the importance of work and family programming and for helping us in our efforts to provide such, we are forever grateful.

On the following page, we have listed the many companies who have chosen ChildrenFirst to be their provider of quality children's programs and backup child care. We hope that we have helped you to assist your employees balance their personal and professional lives and that we have done it in the best way possible.

It is not often that a company is able to provide such a "feel good" service and see the results on an everyday basis. At ChildrenFirst, however, we see the result every single day on every child's face. We receive daily updates from our centers on their utilization and receive continuous feedback from parents and corporate representatives. We adapt our programs to fit the needs of each of our client companies and we have been blessed with tremendous results.

Now that we have laid our foundation in the community, we ask our clients to join us. In 1997, we hope to partner with our clients to reach even more people and organizations - to multiply our positive effect! Some of our clients have already discussed the potential of donating spaces in our centers to charitable and non-profit organizations. Whatever the contribution may be, we look forward to the opportunity to work closely with our clients to serve the communities around us.

It is hard to find the right words to express how we feel about each and every company, parent and child. We only hope that in the days, months and years to come we can demonstrate our appreciation through our caring and nurturing services. Thank you again for being part of our family and for letting us be a part of yours.

Selected Client List (by industry)

Accounting
Arthur Andersen LLP
Coopers & Lybrand LLP
Deloitte & Touche LLP
Ernst & Young LLP

Advertising
Ammirati Puris Lintas
Arnold Communications, Inc.

Consulting/Services
The Boston Consulting Group Inc.
The Cambridge Group
Information Resources Inc.
Innovations
M2

Consumer Products/Manufacturing
Bristol-Myers Squibb Company
Colgate-Palmolive Company
The Estée Lauder Companies Inc.
The Gillette Company
Pfizer Inc.
Philip Morris Companies, Inc.
Revlon
Sara Lee Corporation
USG Corporation

Entertainment/Media
Sony Music Entertainment, Inc.
National Broadcasting Company

Financial Services
Alliance Capital
Bank of America
Bankers Trust Company
The Bank of Tokyo-Mitsubishi, Ltd.
Bear, Stearns & Co. Incorporated
The Berkshire Companies Limited Partnership
BHF Bank
The Capital Group Companies
The Chicago Mercantile Exchange
Colonial Management Associates
Credit Suisse First Boston Corporation
Deutsche Bank
Donaldson, Lufkin & Jenrette Inc.
E.M. Warburg Pincus & Co. Inc.
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First Data Investor Services Group
The First National Bank of Chicago
Genesis Merchant Group
Goldman, Sachs & Co.
Heller Financial, Inc.
Instinet Corporation
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Lazard Frères & Co. LLC
Lebenthal & Co., Inc.
Liberty Financial
Loomis Sayles & Company
Merrill Lynch Asset Management
Mitsui & Co. (U.S.A.), Inc.
Montgomery Securities
Morgan Stanley & Co. Incorporated
National Futures Association
Oaktree Capital
Salomon Inc
Salomon Brothers Inc
Scudder, Stevens & Clark, Inc.
Spear, Leeds & Kellogg
Standard & Poor's
Standish, Ayer & Wood
State Street Boston Corporation
State Street Research & Management
Swiss Bank Corporation
Transamerica
Trust Company of the West
Union Bank of Switzerland

Insurance
Chubb & Son Inc.
The Equitable Life Assurance Society
Interstate National Corporation
Johnson & Higgins
Keyport Life Insurance
The Metropolitan Life Insurance Company
The New York Life Insurance Company
TIAA-CREF

Law
Brown, Rudnick, Freed & Gesmer
Cleary, Gottlieb, Steen & Hamilton
Davis Polk & Wardwell
Foley, Hoag & Eliot LLP
Fried, Frank, Harris, Shriver & Jacobson
Gibson, Dunn & Crutcher LLP
Goldstein & Manello, P.C.
Heller, Ehrman, White & McAuliffe
Howrey & Simon
Hunton & Williams
Katten Muchin & Zavis
Kirkland & Ellis
Latham & Watkins
Loeb & Loeb LLP
Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C.
Morrison & Foerster LLP
O'Melveny & Myers LLP
Orrick, Herrington & Sutcliffe
Palmer & Dodge
Peabody & Brown
Pillsbury Madison & Sutro LLP
Rackemann, Sawyer & Brewster
Rogers & Wells
Ropes & Gray
Shearman & Sterling
Sidley & Austin
Simpson Thacher & Bartlett
Stroock & Stroock & Lavan
Sullivan & Cromwell
Sullivan & Worcester
Testa, Hurwitz & Thibeault LLP

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The Condé Nast Publications Inc.
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GATX Corporation

Utilities
Pacific Enterprises LLP

The Children**First** Team wishes to express our sincere appreciation for the enthusiastic involvement of our Board of Directors in the pursuit of our mission.

. . .

ChildrenFirst Inc.

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Childrenfirst® is the national leader in the development and operation of innovative backup child care centers.

Our team of energized professionals sets the standards of excellence in quality care and education for children.

We serve thousands of children of working families through employers who value balancing the challenges of work and family life.

Childrenfirst transforms the realities of today's working parents into active answers for tomorrow's work and family programs.

The success of our mission depends upon our people living out our values:

Honesty and integrity • Communication • Dedication to team
Innovation • Nurturing of children and families

Children First Inc.

Excellence in Backup Child Care

Nicole

July 23, 1997

Ms. Melanne Verveer
Assistant to the President
and Chief of Staff to the First Lady
The White House
Washington, D.C.

Ms. Elena Kagan
Deputy Assistant to the President
for Domestic Policy
The White House
Washington, D.C.

Dear Melanne and Elena:

It was a tremendous honor to be invited to the White House and to have a voice in shaping the President's Fall Child Care Conference. As we all realized in our group session on June 27th, there are numerous issues to be studied and discussed, three of which are of particular importance from my experience and point of view:

National Standards:
First, our focus needs to be on setting national standards for the quality of child care delivered to our children. Each child is unique, precious and unrepeatable. Every child deserves the best we can offer. As a nation, we cannot be satisfied with settling for minimum requirements and in some states, no requirements. We need to establish high quality standards which safeguard our children across the nation in all child care settings.

The lack of a clearly articulated high quality vision of child care reflects a lack of respect for our children. We need to correct the existing situation and demonstrate the importance of our children to our future.

Public Awareness:
In combination with established standards, there must also be a Public Service or National Media Campaign for raising parental awareness of what quality care should look like for their children. Here is where I believe the President can use the Conference, as we need the Federal Government's support in order to accomplish this. The President and the First Lady's conference on early childhood development held this past April was a wonderful step in the right direction. We need more of these conferences convened by people in positions of leadership across disciplines, particularly corporate leaders. Although the Fall Child Care Conference will not be on the same scale, the best model I have recently seen was the Presidential Summit for America's Future where leaders in government, business, nonprofit and academics come together around a clearly articulated goal and well defined measurables for success. The converging of these disciplines is the key for success.

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The Fall Child Care Conference's goal could include initiating a public opinion strategy which seeks to educate working parents about what they should want and expect from their child care providers. Children deserve the best, so we must help everyone better understand what the best looks like.

Vehicle For Success:
The President has already acknowledged the value of corporate partnering with child care providers in order to support employees and their families. Many of the Fortune 1000 businesses are pursuing creative models in providing their employees with high quality child care options. Currently we work with over 150 blue chip companies, providing the highest quality worksite backup child care for their employees. In 1996, we had 10,000 children registered who used our work/family centers 30,000 times. The conference should focus on sharing success stories of these companies and using them as models to be emulated.

Smart business people know that market forces include the well-being of employees. Children are essential to employee happiness, creativity and therefore productivity. Now, corporate awareness needs to be raised that quality child care is a business imperative. To quote one of our clients, David Vitale, Vice Chairman of First National Bank of Chicago, "By providing quality backup child care, employers no longer are asking employees to choose between the well being of their company and the well being of their children."

I very much thank you for the opportunity to share these ideas and I am committed to helping you in any way in preparing and delivering the conference.

Most sincerely,

Rosemary Jordano
President

Enclosures

SOS

SHARE OUR STRENGTH

Nicole -

Rosemary Jordano, Pres. of ChildrensFirst, Inc. met Mrs. Clinton at the Summit and discussed a future Childrens Event here at the White House. She is involved with SOS and wanted me to follow up for her. Hope you are well!

Julie

Spoke with Lizz last night - she sounds really great! Give me a call sometime soon can catch up. (703) 922-7056

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Mission Statement

Children**First** is the national leader in the development and operation of innovative backup child care centers.

Our team of energized professionals sets the standards of excellence in quality care and education for children.

We serve thousands of children of working families through employers who value balancing the challenges of work and family life.

Children**First** transforms the realities of today's working parents into active answers for tomorrow's work and family programs.

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- Honesty and Integrity
- Communication
- Dedication to Team
- Innovation
- Nurturing of Children and Families

ChildrenFirst Inc.

Excellence in Backup Child Care

The Corporate Vision

To provide world-class backup child care, school-age programming, and work and family support services at the work-site.

When Do Employees Need Backup Child Care?

- The regular care provider (spouse, nanny or in-home care giver, etc.) is ill or on vacation;
- School closes for a holiday, professional day or vacation;
- Mothers return to work from maternity leave;
- As a compliment to a flexible work arrangement;
- Colleagues visiting from other offices for training, seminars or meetings.

Why Does Backup Child Care Appeal To Firms?

- Available to hundreds of different families each year;
- Serves infants through school-age children;
- Reduces employee absenteeism and tardiness;
- Aids in the recruitment and retention of key employees;
- Highly visible benefit;
- Promotes positive publicity.

ChildrenFirst Inc.

Excellence in Backup Child Care

Centers Operated By Children**First** Inc.

Boston	The Children's Center at Ropes & Gray One International Place Boston, MA 02110
	The Children's Center at One Financial Center One Financial Center Boston, MA 02110
Chicago	Children**First** at 500 West Monroe 500 West Monroe Street Chicago, IL 60661
Los Angeles	Children**First** at 550 South Hope 550 South Hope Street Los Angeles, CA 90071
New York	The Children's Center at Bankers Trust Harborside *(For the exclusive use of Bankers Trust Harborside employees)* 34 Exchange Place BTNY Services Jersey City, NJ 07303
	The Children's Center at Goldman Sachs *(For the exclusive use of Goldman, Sachs & Co. employees)*
	The Children's Center at Bankers Trust Plaza 130 Liberty Street New York, NY 10006
	The Children's Center on Fifth Avenue *(Located in Rockefeller Center)* 630 Fifth Avenue New York, NY 10111
	The Children's Center at 200 Park Avenue 200 Park Avenue New York, NY 10166
	Children**First** at 125 Broad Street 125 Broad Street New York, NY 10004
	The Children's Center at New York Life 51 Madison Avenue New York, NY 10010
San Francisco	Children**First** at 555 California 555 California Street San Francisco, CA 94104

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ChildrenFirst Inc. Selected Client List

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Arthur Andersen LLP
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Consulting
The Boston Consulting Group Inc.
Information Resources Inc.

Consumer Products/Manufacturing
Bristol-Myers Squibb Company
Colgate-Palmolive Company
The Estée Lauder Companies, Inc.
The Gillette Company
Pfizer Inc.
Philip Morris Companies, Inc.
Revlon
Sara Lee Corporation
USG Corporation

Entertainment/Media
Sony Music Entertainment, Inc.
National Broadcasting Company

Financial Services
Bank of America
Bankers Trust Company
The Bank of Tokyo-Mitsubishi, Ltd.
Bear, Stearns & Co. Incorporated
BHF Bank
The Capital Group Companies
The Chicago Mercantile Exchange
Credit Suisse First Boston Corporation
Deutsche Bank
Donaldson, Lufkin & Jenrette Inc.
E.M. Warburg Pincus & Co. Inc.
First Data Investor Services Group
The First National Bank of Chicago
Goldman, Sachs & Co.
Heller Financial, Inc.
Instinet Corporation
J.P. Morgan & Co. Incorporated
Liberty Financial
Loomis Sayles & Company
Merrill Lynch Asset Management
Mitsui & Co. (U.S.A.), Inc.
Montgomery Securities
Morgan Stanley & Co. Incorporated
National Futures Association
Salomon Inc
Salomon Brothers Inc

Financial Services (Continued)
Scudder, Stevens & Clark, Inc.
Spear, Leeds & Kellogg
Standard & Poor's
State Street Boston Corporation
Swiss Bank Corporation
Transamerica
Trust Company of the West
Union Bank of Switzerland

Insurance
Chubb & Son Inc.
The Equitable Life Assurance Society
Interstate National Corporation
Johnson & Higgins
Keyport Life Insurance
The Metropolitan Life Insurance Company
The New York Life Insurance Company
TIAA-CREF

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PHOTO ALAN SCHINDLER

Visitors to the Children's Center at 200 Park Avenue are greeted with a scene of such tranquility, it's impossible to imagine that the day's dozen or so children of all ages have never met before, and may never meet again. This backup childcare center is an occasional oasis for the children of working parents.

Where Children Come First

Children First Inc. has created a unique and welcoming backup childcare center, featuring turquoise walls and tot-level fish tanks, blond wood play equipment, a child-sized lighthouse and a reading loft like an indoor treehouse, carefully planned sight lines and a thoroughly age-flexible layout. The concept of backup childcare has come of age.

Backup childcare, still revolutionary, is an idea that's catching on fast. Two-career couples and single working parents need help coping with the inevitable breakdowns in childcare arrangements, from sick nannies to school holidays. Companies are starting to realize backup childcare is a cost-effective benefit to offer their employees, helping them to avoid unnecessary days off and work unhampered by childcare anxieties. Firms appreciate that it helps them to recruit and retain top talent.

Children First Inc., founded in 1993, is doing more than riding a trend. It's clearly a company with a mission. According to its president and founder, Rosemary Jordano, Children First Inc. is defining a new standard in the quality care and education of children with highly-qualified full-time teachers, copious books and supplies and an obsession with health and safety. "There are no corners cut at our centers," says Jordano. "It's not about how little we can get away with, but how we can achieve the best practices."

Jordano further intends her company to create a ripple of change through the American workplace and home. "Our goal is to make the workplace more humane and compassionate," she asserts. The quality of the company's centers is hoped, in part, to make parents reevaluate the quality of their normal childcare arrangements, and demand the best.

The fervency with which Jordano and her staff pursue their mission has made enthusiasts out of the families Children First Inc. serves, along with the companies for which they work. Nearly 400 families representing 20 tenant and nearby companies have already made use of the Children's Center at 200 Park Avenue. Celebrating its first birthday, it's the fifth such center in the New York area, and one of 18 the company plans to have rolled out by the end of 1996.

Children First Inc. approaches companies with the business case for backup childcare. Laura Saklad, personnel manager of Rogers & Wells, explains it simply: "Backup childcare is a benefit that enables our employees to get to work."

The childcare safety net relieves employee anxiety about hastily patched-together arrangements. "Morale is high," says Steve Menzer, manager of human resources at Mitsui. Working parents can drop in to visit their children any time of day, but when they're at work, they can work. "It's a lot easier to focus when you're comfortable with where your kids are," says Saklad, mother of a nine-month-old who's visited the center.

At 200 Park Avenue, Children First Inc. involved participating companies at the planning stage, soliciting suggestions for design and hours of operation. The company prepared for the opening of the new center by holding meetings with interested employees, and sponsoring family days during which participating companies' staff could visit the center along with their kids.

Outreach to the working families of 200 Park Avenue, as at other centers, is ongoing, with work-family seminars on parenting in the '90s and a monthly newsletter. Declaring 1996 the "Year of Community" for Children First Inc., Jordano is reaching even further. Children First Inc. teachers volunteer to read aloud to hospitalized children and by next year Jordano hopes to get client companies involved in the project as well. "Our goal is to touch as many families as we can," she says.

Children First Inc. is changing the way people think about childcare. It's validating the idea that employers must share the burden their employees shoulder. And, it's giving a lot of parents the chance to breathe a huge sigh of relief.

PHOTO ALAN SCHINDLER

Easing First-Time Jitters

One little boy spending the day at the Children's Center at 200 Park Avenue wore his mother's zip-up rubber boots over his own sneakers. His mother would surely be back for her boots, he reasoned.

Any new childcare arrangement can be scary for a child at first, and for the child's parents as well. Katherine Savage, director of the Children's Center at 200 Park Avenue, has come up with lots of strategies to help parents and children overcome their fears. At the center where she works, fish tanks in the vestibule offer a soothing distraction. Some children like to watch their parents depart on the security video screen, and look forward to parental faxes and a lunchtime visit.

No matter what new childcare situation your child is facing, the most important thing, Savage explains, is to try to make sure your child gets a chance to visit the new setting in advance. Then, "make sure you talk to the child about where he or she is going to be, and where you're going to be, and that you'll be back," says Savage. "Always say good-bye when you leave your child. Don't just disappear."

Savage also suggests parents bring plenty of objects from home: stuffies, blankies, favorite books and family pictures. Many a toddler has carried a parent's photograph around all day.

"Even school-aged children can have trouble separating," Savage notes. "Separation is one issue every childcare worker has to be especially well-prepared for, but with advance planning and a little extra care it can be an easier, happy experience for a child."

Crain's Chicago Business ®

AUG. 21-27, 1995

Pinch-hit baby sitters endorsed by 11 firms

Backup center helps to prevent worker absences

by JUDITH CROWN

A group of 11 downtown law and financial firms is offering a new employee benefit—backup child care.

Boston-based Children First Inc. this month plans to open its first center in Chicago, providing care for children of parents left in the lurch on school holidays or when regular baby sitters aren't available.

The downtown firms that will use Children First's facility at 500 W. Monroe St. include law firms Katten Muchin & Zavis, Sonnenschein Nath & Rosenthal insurance company Interstate National Corp., First National Bank's cash management division, finance company Heller International Corp. and Swiss Bank Corp.

Experts say parents of preschool and school-age children lose three to eight working days a year when child care arrangements fall through. For employee benefit managers, purchasing a slot in the backup child care center for $10,000 to $25,000 per year offers a sound return. To defray the cost, some firms ask employees to pay a nominal fee for the days they use the center.

Beth Nielsen, human resource manager for benefits at Heller, said backup child care was the easiest benefit she's sold to management.

"Why not do it?' was their question," Ms. Nielsen said.

Privately held Children First runs eight backup child care centers, in Boston, New York and New Jersey. Most are operated for a pool of corporate clients, as will be the case in Chicago, where the center will accommodate 35 children. In New York, one backup center is dedicated exclusively to investment banking firm Goldman Sachs & Co.

Myra Oria, who directed the Goldman Sachs facility, said she led children on "field trips" to some of the more interesting Goldman offices, such as a room where commodity specialists test coffee beans. She will serve as temporary head of the Chicago center.

Participating companies typically purchase one or two slots at the center, available to employees on a first-come, first-served basis. The companies cooperate: A firm that doesn't need space one day will yield its opening to a counterpart that does.

Children First expects to open additional centers in the Chicago area. Its expansion has been spurred by clients who want to use the service in other cities where they operate.

Swiss Bank, for example, which uses two centers in New York, is participating in the Chicago venture.

"You see parents get stuck, and they have no choice but not to come in (to work)," said Cheryl Roberts, the bank's director of employee relations. "They feel this is a fail-safe."

WEDNESDAY, JUNE 28, 1995

THE WALL STREET JOURNAL.

MARKETPLACE

WORK & FAMILY

By Sue Shellenbarger

Backup Child Care Is a Good Fix: If Only It Was Permanent

THE HOTTEST trend in employer work-family programs is aimed, not surprisingly, at helping people get to work and stay there.

Backup child-care centers, which offer emergency care for children when regular day care breaks down, are springing up at some exclusive addresses – Rockefeller Center and 200 Park Avenue in Manhattan and the Prudential Building in Chicago, to name a few. About 20 backup centers have opened in Eastern cities. More are planned in Chicago, Los Angeles and San Francisco; consultants predict hundreds will pop up in the next few years.

Is backup care the right child-care strategy for employers? For many so far, it is the *only* strategy. Backup care "is all we have" in child care, says a spokeswoman for Bear Stearns, sponsor with 14 other firms of the 200 Park Avenue center.

The financial case for backup care is a slam dunk. Kwasha Lipton, a Fort Lee, N.J., benefits consulting firm, says child-care breakdowns cause parents to miss an average of eight days of work a year. One employer spent $419,000 to provide 30 backup spaces free to its 8,000 New York City employees last year, reducing absenteeism costs by $459,200, based on the average pay of employees using the center. Net savings: $40,200. Backup care is "an employee benefit that pays for itself," Kwasha Lipton says. (While employers subsidize backup care by about $14,000 to $24,000 per slot annually, most charge employees $10 to $25 a day to use the facility.)

Backup care can be a career-saver. Years ago, before backup centers, I quit a job after discovering my sitter was secretly stuffing my baby into a broken car seat and driving him around in a friend's car. Had I had a backup center as a bridge to finding new care after I fired her, I might have hung in.

BACKUP CENTERS can also provide a valuable example of what child care, in an ideal world, would look like. At the 200 Park Avenue center, operated by **Children First, Boston**, a security guard protects eight well-paid, college-educated, experienced care givers who nurture kids in clean, colorful rooms with the latest books and learning gadgets, and a ceiling-high mock-up of a lighthouse and ship.

But a question lingers: Should employers be providing temporary care (most discourage more than 20 days' annual use per employee) without regard for how kids fare the rest of the time?

Quality care may not be a big problem for high-paid professionals with nannies. But out in the real world, average day care is pretty bad. A recent four-university study showed 40% of infants and toddlers in child care are in conditions that threaten their health and safety and discourage learning. In that context, providing backup care and nothing else is like dispatching a gold-plated tow truck without helping to fix the broken-down family car.

Margarita Reyes, a legal secretary, scrambles to patch together care by family members for her preschooler in her Queens neighborhood, where few quality child-care services are available. She has never seen anything like the 200 Park Avenue center. "It's so enriching" for her child, she says. Now that her employer subscribes, her son begs her to take him there.

Another mother, a clerk at a law firm, brought her 16-month-old son to a Washington, D.C., backup center after she made an unannounced visit to his sitter's home and found him sitting alone in a closet, crying. "He didn't emit a sound when she opened the door. He was just gasping," says Diane Lipton Dennis of Lipton Corporate Child Care, operator of the backup center. The child was so traumatized he needed weeks of near-constant holding and hugging by the Lipton staff. Ms. Dennis says parents desperate for quality care often beg her staff to take their kids full time.

ONE REASON backup care is so popular with employers is that it's efficient; one space can serve hundreds of employees when they need it most. But new models are emerging for improving community child care that also give employers leverage. Collaboration is one. An employer who makes a one-time investment in a community day-care center of an amount equal to the annual fee for six backup slots can provide permanent facilities for 16 infants. By pooling such investments, the American Business Collaboration, a 156-employer consortium, has created 10,000 new child-care slots in communities where its members operate.

Targeted neighborhood investment is another. After studying employees' needs, Chemical Bank recently opened a 105-child center to serve the 900 of its 20,000 New York City employees who live in the Flatbush area of Brooklyn.

Deb Stahl of AT&T, a leader in providing community child-care grants, believes "we're getting so much more by investing in what exists in the community" – not only in employee stress reduction, loyalty and attendance, but in long-term solutions for the underlying causes of absenteeism, attrition and child-care horror stories.

Ideally, backup care is the cornerstone of a broader child-care strategy. Arnold & Porter, a Washington, D.C., law firm that operates a backup center, will soon open a full-time child-care operation, too; it is believed to be the first law firm to do so. Without backup-care experience, James Jones, managing partner, doubts the firm would have considered the move. "Child care doesn't spring to mind as something a law firm does," he says. Backup care "let the firm get used to the idea."

Business

THE BOSTON GLOBE • MONDAY, DECEMBER 5, 1994

A first in child care

Boston company backup specialist for corporations

By Shoba Narayan
SPECIAL TO THE GLOBE

NEW YORK—Susan Mink's day care emergency was an opportunity for an entrepreneurial Boston company called Children First Inc.

Mink, a principal at Morgan Stanley, recalls the Monday morning not too long ago when her nanny, Keshay, called in sick. By that time, Mink's husband Marc had left for work and her two sons were without day care for the day.

"I had an important meeting that morning, but I had to cancel it to stay home and watch the kids," Mink said.

Now if it happens again, Mink has a solution at hand thanks to Children First. The company, just two years old, specializes in backup child care for corporations, and is expanding nationwide. Children First is hired by corporations to design and operate backup day care centers in the workplace – a simple concept that is just now catching on in a big way.

Since 1992, Children First has established six such centers, two in Boston and four in New York and New Jersey, and is setting up new centers in Chicago, Los Angeles and San Francisco. Children First's original 8-person back office operation has become a multimillion dollar franchise with a staff of more than 50 people.

"We don't take credit for the idea, but we do take credit for setting up world-class facilities," said Rosemary Jordan, founder and president of Children First. "We are the only ones doing this nationally and exclusively."

Accompanying a dramatic increase in dual-income families in the United States is the difficulty in balancing work and home needs. The Partnership Group, a

CHILD, Page 20

Rosemary Jordano, founder and president of Children First

Continued from page 19

Philadelphia-based child care resource, referral and consulting firm that serves 127 corporations, reports that 26 percent of employees with children under the age of 13 have experienced child care crises in the last three months. As a result, the employees missed two or three work days, or worked shorter hours.

Backup child care has become a priority, if not a necessity, both for employees and corporations. Diane Welsh, president of New York City's National Organization for Women, said that child care had reached "crisis" proportions in the corporate world, given the long hours and inherent stress of the various jobs.

"We need to be working on this as a national issue from various angles," said Walsh. "From a company's point of view, such [backup] centers help the employee just basically get to work, improves their productivity on the job and improves employee morale in general."

Many companies now offer backup child care as part of their benefits package, where employees can call a child care agency when their regular babysitter is unavailable. Children First's clients have gone one step further.

Last month representatives from 11 corporations – including Arthur Andersen & Co., Bristol-Meyers Squibb Co., Conde Nast Publications, Coopers and Lybrand, CS First Boston Inc., Deutsche Bank, Ernst and Young, J.P. Morgan, Morgan Stanley, Sony Music Entertainment Corp. and Swiss Bank – cut a red ribbon and inaugurated the Children's Center at 630 Fifth Ave. in Manhattan.

The Children's Center serves 15,000 employees from these 11 corporations, and can accommodate 40 children between the ages of three and five. The employees have to be registered with the center, and reserve in advance before bringing their children in. Some corporations charge their employees $10 or $20 per day for using the center, but many of them subsidize the cost entirely. Each employee is allowed 20 days of backup child care during the year, and have to give "good reason" for using the center.

Children First records these reasons, which could be anything from a snow day, to a sprained ankle that prevents the child from attending school, and sends a monthly report to the various corporations.

"They have nailed every issue I was concerned about, both as a parent and as an administrator," said Cindy Hirsch, director of administration at Ernst and Young, an accounting firm in New York City. "Their curriculum is outstanding, their staff are not just babysitters, but educators, and the center is just a wonderful place. They are absolutely a class act."

"Class," in this case, is not cheap. Each company made a contribution of $20,000 per space (there are a total of 40 spaces), and an annual participation fee of $18,000 per space. This works out to be about $1,600 a month per space.

In most cases, employees are invited to visit the center once it is built. After that, have a family day, when employees can bring their families for a day of fun, games, clowns, balloons and magic shows. Children First encourages all their clients to use the center in a non-emergency situation as early as possible.

'We don't take credit for the idea, but we do take credit for setting up world-class facilities. We are the only ones doing this nationally and exclusively.'

—ROSEMARY JORDANO, *founder and president of Children First*

"You get what you pay for," Jordano said. "We charge more than other child care providers but we show the companies where the money is going, and how we are using it."

Most of the money is used to pay staff salaries, and to buy or rent the real estate. The cost of setting up a center in California, would, therefore, be cheaper than in New York, according to Jordano, and in Boston and Chicago, even more so. Staff salaries start at $22,000 for an assistant teacher, and go up to $55,000 for a director. Two-thirds of the staff have a master's degree in early childhood education. A detailed background check that includes a drug test and employment history is done on staff members before they are hired. In addition, each center has a pool of elementary school teachers for backup help on high-demand days like Monday school holidays when a separate room is set up for school age children in addition to their regular child care.

The process of setting up the centers is a "courtship with the parents" according to Jordano. They have three models. The first model is when an individual company wants Children First to set up a center within its building for the exclusive use of its employees. In Manhattan, Bankers Trust and Goldman Sachs have two such centers within their buildings. Morgan Stanley is in the process of creating one.

The second model is when Children First markets to a consortium of companies that are within walking distance of each other. The Children's Center in Manhattan is a five-minute walk from each of the 11 companies it serves. The Children's Center at One Financial Center in Boston serves 16 corporations under similar circumstances.

The third model is when a real estate developer wants to include such a facility in their building as an amenity to their tenants.

"By the time an emergency comes up they have interacted with us at least four times," said Jordano. "We want them to be comfortable about leaving their children with us."

A smiling, vivacious woman, Jordano speaks passionately about child care in the corporate environment. She graduated from Wellesley College with a bachelor's degree in economics and psychology.

She then worked in Merrill Lynch in New York as an investment banker, and discovered very quickly that "Wall Street wasn't for me." She went to Oxford University on a Rotary Scholarship to do early childhood development, and later went on to get an MBA from Stanford University. Children First grew out of her studies at Oxford and Stanford.

"Most places [child care centers], the children go to every day," said Debbie Lee, a teacher at the Children's Center in Manhattan. "Here, they come once in a while, usually because of a stress situation at home. It's tough for a kid, you know, if your mom puts you in a strange place and says, 'See you in five hours. Bye.' "

Typically, the centers open at 8 a.m., but Children First's forte is its ability to accommodate a company's special needs. The center at One Financial Center, which serves Gillette Co. among others, opens at 5:30 a.m. on days when the employees of Gillette's 6 a.m. production line need backup child care. Similarly, when there is a consortium, all the spaces are opened up after 9 p.m. for reservation on a first-come-first-served basis, regardless of which company the employee belongs to.

"Employees rarely abuse that privilege, because they want to save their days for a real emergency, and you never know when that will happen," said Tracy Reed, assistant director at the center in Bankers Trust Plaza, Manhattan.

SAN FRANCISCO
Daily Journal

Tuesday, February 13, 1996

Latham, Shearman Put Children First

Child care. Those two words can send shivers down the backs of even the toughest attorneys. Well, never fear, Children First is here. And if you happen to work at Latham & Watkins or Shearman & Sterling, you're sitting pretty.

These firms are among the first to sign up for San Francisco's first backup child-care consortium, sponsored by Children First, a Boston-based company.

Personal experience as parents and the prospect of happier clients encouraged managing partner William Hinman of Shearman & Sterling and Latham & Watkins managing partner Tom Rosch to commit their firms to the venture.

"From raising two kids myself," Hinman explained, "I know this facility is essential if one is going to be at work with a peace of mind." The result, Hinman says, will be happier attorneys and therefore happier clients.

"Shearman & Sterling is pleased to be able to offer our employees a safety net for backup child care," he said. "We recognize the challenge facing working parents and the benefit of having our staff present and providing service to our clients when they otherwise might be out. We view our participation as a win, win, win – for our employees, our firm and our clients."

"Happier people in the Latham family" is what Tom Rosch, managing partner for Latham & Watkins, hopes to gain by being involved. "I have a son, and he and his wife have twins. I know what they go through," he said.

The new state-of-the-art center is located at 555 California St. and has the capacity to serve 30 companies and 15,000 employees in the Bay Area. Children between the ages of 3 months and 12 years whose primary caregiver is unavailable due to illness or emergency will be cared for by professional educators, most of whom have master's degrees.

Business Reality

The babysitter is sick...Really sick...I don't know—start the meeting without me...I have all the sales figures with me!...I'll be there as soon as I can! How many mornings does this exchange happen in the workplace? How many missed meetings, lost sales, disappointed clients can you recall? How many valuable employees leave the company? How much is this costing your organization?

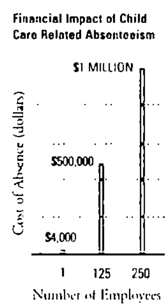
"**We no longer have to ask our employees to trade off the well-being of their children with the well-being of the corporation.**"

David Vitale,
Vice Chairman
First National Bank
of Chicago

Impact on Business

In homes with working parents, 76% of children receive primary care from a nanny, spouse, or family day care provider, yet these forms of child care are the most likely to break down. Why should American business be concerned?

Disruptions in child care result in absenteeism, tardiness, and reduced productivity, costing U.S. companies billions of dollars annually. Child care–related absences cost companies an average of $4,000 per employee each year–that's $1 million lost for every 250 employees!



CEOs know this. In a 1996 survey of 300 chief executives by the Cannon Consulting Group, 72% said that worker absenteeism would be greatly reduced with the availability of backup child care services.

ChildrenFirst Inc.®

Children**First** is the national leader in providing corporate backup child care in the United States. We have designed an innovative employee benefit that aligns the interests of business with the needs of working parents.

Progressive industry leaders such as Gillette, Bankers Trust Company, Condé Nast, Pfizer, and Deloitte & Touche recognize that backup child care makes economic sense. In fact, most of our clients report that they recoup their investment in backup child care within a few months of implementation. The availability of backup child care boosts productivity, enhances employee morale and loyalty, and gives companies a measurable advantage in recruiting and retaining highly–valued employees.

ChildrenFirst
Work and Family Centers

Our centers are conveniently located near your worksite in the heart of business districts in major metropolitan cities. Children**First**'s work and family centers are run by professional early childhood educators who are trained in the specialty of backup child care. Children**First**'s capabilities as a provider of first class educational facilities are enhanced by our family support resources:

Backup child care for children ages 3 months to 12 years.

Day camps for children ages 6 to 12 years during "predictable" school vacation weeks and holidays.

Extended infant/toddler care for mothers returning to work after maternity leave.

Caregiver training and seminars on child safety and development, parenting skills, and work and family issues.

Extensive lending libraries of books and videos related to child development and parenting issues.

To find out how ChildrenFirst Inc. can help your company, contact your area representative or our National Marketing Director at (617) 330-8687.

Business Advantages

When companies make business decisions, many factors are considered. Profitability is key. Employee benefit packages are some of the highest costs incurred by companies, but so are employee turnover, absenteeism, and the loss of productivity when employees have to choose between work and family.

"**Having a top-notch program like this available to our employees not only provides peace of mind, but delivers a quick and reliable return on investment.**"

Gian Fulgoni, CEO
Information
Resources Inc.

Backup child care pays off. This innovative benefit is cost-effective, often paying for itself within 8–12 weeks of implementation. The business case for offering this employee benefit can be clearly stated: Backup child care with Children**First**® is a benefit that provides a *measurable* positive return on investment, while increasing productivity, assisting in employee recruitment and retention, and boosting employee loyalty and morale.

Most importantly, backup child care is available to all employees with children, so it is a benefit that affects the *maximum* number of people in your organization.

Offering backup child care with Children**First** as an employee benefit:

$ Increases Productivity

Backup child care helps to reduce absenteeism and tardiness while enhancing the productivity of teams, colleagues, and departments. A 1996 study conducted by Wayne State University found that child care–related absenteeism cost companies surveyed between $66,000 and $3.5 million per year, losses which far exceed the cost of providing the benefit of backup child care to your employees.

$ Promotes Cost Savings through Employee Retention

When employees feel confident that their children and family obligations are under control, they are free to devote their energy and full attention to work. Forty percent of the parents who use our services feel that access to backup child care influences the length of time they will stay with their employer. Ninety-six percent of them say that the availability of backup child care is an important aspect of their job satisfaction. Offering backup child care can lower a company's turnover costs, which can range between 93% and 200% of the departing employee's salary.

A 1996 study conducted by Wayne State University found that child care—related absenteeism cost companies surveyed between $66,000 and $3.5 million per year.

$ Enhances Recruitment

Including backup child care in benefit packages offers companies a way to attract the most talented and qualified candidates in their industries. Top recruits are in demand, and as the need to recognize work and family issues continues to expand, companies that offer benefits to address these concerns will have a competitive edge.

(continued)

$ Complements Existing Workplace Programs

Backup child care is a tool that allows working parents to balance their personal and professional obligations. Companies that offer backup child care in conjunction with corporate work and family initiatives such as flex–time, job sharing, part–time work arrangements, and telecommuting have the confidence in knowing that child care needs will not conflict with these innovative work options.

$ Eases Relocation and Travel

Employees facing relocation to a new city have a myriad of concerns. Finding suitable child care is one of the most difficult aspects of transition, so providing backup child care can ease the strain of a move. Employees are also more willing to travel for business, and have the flexibility of using a trusted name for backup child care in their home city as well as in their destination city.

$ Assists Transition from Maternity Leave

Companies frequently lose valuable employees who struggle to resume their professional work schedules after the birth of a child. Our work and family centers provide special support and child care resources during this critical adjustment period.

The ChildrenFirst℠ Approach

Parents trust Children**First**℠. They count on us in emergencies, look to us for advice, and value the consistent, high–quality care given to their children. Parents demonstrate their trust in us every day by choosing to use our centers. Once they have experienced the quality and caliber of our service, they continue to rely on the consistent, professional care we offer, knowing they can call us *whenever* they need to access one of our centers.

"**Parents have called and written to thank us for providing such a valuable, high quality service. We are very proud of this program.**"

Walter Kehoe,
Director of Personnel
Sullivan & Cromwell

"Welcome!"

Inviting, happy, and secure, our work and family centers are the ideal environment for backup child care. Art, music, reading, multimedia computers, and games are all a part of the Children**First** day. Bright colors, airy play spaces, climbing structures, and interesting learning materials create an appealing and enriching atmosphere. From the minute they arrive at the door, parents and children alike feel at home in our centers.

The anxiety of separation can be difficult in the best of circumstances, and most children come to our centers as a result of an emergency or a change in routine. At Children**First**, children and parents are greeted by name, and your child's teacher is pre–assigned. Each child will find a cubby labeled with his or her name. Fish tanks enhance our soothing environments, and soon the children are off with new friends to have new adventures.

Parents are invited to drop in to see their children any time during the day, especially to take their child to lunch. Active parent/teacher communication is vital to the success of the experience, and each parent receives verbal and written feedback on his or her child's day from the staff.

Educational Curriculum

Children**First** staff and directors, specialists in early child care, create a flexible, thematic curriculum that addresses the unique aspects of backup care: separation, varied ages, and an ever–changing group of children. Our goal is to offer experiences that enhance the child's self esteem through cognitive, social, emotional, and physical development.

Individual Attention

Understanding that a day at Children**First** is a change in routine, every child receives extra–special attention. We strive to maintain teacher–child ratios that far exceed national and state–mandated standards:

- **1:1** for infants 3-6 months
- **1:2** for infants 6-12 months
- **1:4** for toddlers
- **1:6** for pre-school
- **1:8** for school age

Special–needs children can be accommodated and are given the individual attention needed to ensure a safe and enjoyable experience with Children**First.**

Support for Parents

Children**First** provides exemplary backup child care. We also know that parents often need support and special attention. Children**First**'s educators are a rich support resource for parents. We provide frequent seminars on parenting and early childhood education topics, as well as training in CPR, first aid, and child development. Parents may access the resources of an extensive library of books, newsletters, and videos on a host of family–related topics at each of our centers.

To find out how ChildrenFirst Inc. can help your company, contact your area representative or our National Marketing Director at (617) 330-8687.

Our Professional Educators

ChildrenFirst® believes that families deserve high-quality, consistent child care—especially on a day that is out of the ordinary. Our teachers and center directors are among the most professional and dedicated in child care, which is why parents and children feel safe, confident, and enthusiastic about coming to Children**First**. Child care quality correlates to the provider's education and training. At Children**First**, our staff is comprised of early childhood professionals, 70% of whom have master's degrees, recruited from the nation's top schools of education. Their training and continuing education make our staff members a rich resource for parents and a delightful part of a child's day at Children**First**.

> "**All of ChildrenFirst's employees are highly trained and skilled in the area of early childhood education, and it shows in the incredible sensitivity with which they address parents' concerns".**
>
> Gail Kane,
> Senior Counsel
> Transamerica Corporation

ChildrenFirst - Employer of Choice

How do we boast a staff attrition rate of less than 13% when the child care industry average is more than 45%? Our hiring and compensation practices, professional working conditions, career advancement opportunities, and strong company management result in an exceptional rate of staff retention and dedication. This has made Children**First** an "employer of choice" among early childhood educators.

Staff Selection

There is no margin for error when it comes to caring for children. All potential candidates are rigorously screened before joining Children**First**. We conduct a three-tier interview process, thoroughly check references, and conduct drug and alcohol testing. Where permitted by state law, criminal record checks are also performed. Once hired, all staff members undergo a three-month observation period. Yearly physical exams and annual drug and alcohol testing are also required.

Continuing Education

You just will not find a better team of trained professionals caring for children. Our staff is extremely knowledgeable in the specialty of backup child care, and they receive regular instruction in first aid, CPR, hygiene, and universal precaution skills. To encourage the continued refinement of their educational skills and expertise, Children**First** provides our employees with a generous benefit package that includes tuition reimbursement. This allows staff members to attend conferences and continuing education courses, as well as allowing them the opportunity to present and to teach training classes and seminars.

Corporate Membership

Corporate backup child care with ChildrenFirst Inc.® is insurance against canceled meetings, missed deadlines, disappointed clients, and lost sales. When employers can lose an average of $4,000 per year per employee due to lapses in child care, it is a wise strategy and a sound business decision. Families have access to our work family centers when they need it most. Parents can call us 24 hours a day, 7 days a week to make a reservation for their child. Each family may use our center 20 days a year, and extended care can be arranged as needed with your company's pre-approval.

"**This is child care at its best! My children love to go to ChildrenFirst. I am pleased and proud that TIAA-CREF offers this benefit. (As a benefit) it's second only to health insurance.**"

Louise Blaire
Parent User
TIAA-CREF

Administration

In a 1997 survey, 96% of parents accessing ChildrenFirst backup child care said that this employee benefit is critical to their job satisfaction. Backup child care with ChildrenFirst is unlike other employee benefits that you have to administer. Once your company becomes a corporate member, ChildrenFirst oversees the daily operations and parent communications required for your company to receive the maximum return on your investment.

ChildrenFirst educates and encourages employees to use the backup center through informational presentations, open houses, tours, family days, and registration sessions. We compile monthly utilization reports and conduct frequent parent satisfaction surveys to provide your company with an ongoing, measurable record of the value of our services.

This is a full-service benefit that requires little administration on your part.

A Full Array of Services

ChildrenFirst's work and family centers provide your employees with a wide range of family supports including:

- Backup child care for children from 3 months through 12 years of age.
- Day camps for children from 6 through 12 years of age during "predictable" school vacation weeks and holidays.
- Extended infant/toddler care for mothers returning to work after maternity leave.
- Caregiver training and seminars on child safety and development, parenting skills, and work and family issues.
- Extensive lending library of books, videos, and multimedia software related to child development and parenting issues.

Membership Fees

Fees for our backup child care services are based on your company's employee demographics and projected participation levels. We prepare a customized membership plan and related cost-benefit analysis, with each membership based on a two-year contract. Sixty percent of our client companies choose to charge a co-payment to their employees to help offset the cost of membership. ChildrenFirst can help you to determine the best approach for your organization.

ChildrenFirst offers the option of on-site, dedicated centers, along with centers located in key business district locations. We are pleased to meet with your company representatives to discuss these and other creative models with you.

To find out how ChildrenFirst Inc. can help your company, contact your area representative or our National Marketing Director at (617) 330-8687.

Parent Outreach

"What is backup care? How does it work? When can I use it?" Once we explain this exciting program to parents, they are thrilled! We are committed to ensuring that your investment in backup child care is fully realized. We will work with you throughout the entire process of explaining the benefit to your employees and help them use our centers to the maximum potential. We begin the communications process before the center is even available to your employees by launching an extensive outreach program consisting of:

"The responsiveness of ChildrenFirst has been fabulous. Everything was so well organized we did not even consider other options."

Kathy Henry,
Personnel Coordinator
Latham & Watkins

Information Sessions

We host employee presentations at your company to introduce Children**First**® and to explain how our backup child care program works. We help parents pre-register their children so that all medical, developmental, and family data are on file in advance of using the center.

Open Houses

Nothing sets a parent's mind at ease like a tour of a Children**First** center! The cheerful environment, our nurturing teachers, and the variety of educational activities are immediately comforting. Parents can meet the directors and teachers, observe center activities, and ask questions pertaining to their individual situation.

Children**First** can also organize a welcoming celebration at our center, filled with games, activities, entertainment, and refreshments for employees and their families.

Introductory Visits

Parents are encouraged to use the center prior to needing it on an emergency basis. This gives the parent and child time for a relaxed orientation and interaction with the staff, making the first day of backup care go smoothly.

Ongoing Awareness

Communication with your employees does not end with registration. We see ourselves as long-term partners with each employer, creating an ongoing presence for Children**First**, and tailoring programs to the needs of your employees.
We accomplish this by:

- Employee orientation sessions at your company.
- Staffing of information tables to educate and to assist employees with registration materials.
- Participation in your company's benefit fairs.
- Monthly newsletters and center calendars of events.
- Seminars on family issues like Parenting for Fathers, Infant & Child Safety, and Building Self-Esteem.
- Training in CPR, first aid, and child development for all caregivers, including parents, grandparents, babysitters, and nannies.

To find out how ChildrenFirst Inc. can help your company, contact your area representative or our National Marketing Director at (617) 330-8687.

Operating Protocol

Earning and maintaining parents' trust and confidence are essential to our success. When it comes to caring for children, there is no margin for error. The safety and well-being of every child in our care guide our every action and decision.

> "We selected ChildrenFirst because they provide the very *best* care for our employees' children".
>
> Carol Brown,
> Senior Corporate Counsel
> Pfizer Inc.

No Margin for Error

Our professional staff is recruited from the nation's top schools of education, rigorously screened, and regularly trained in first aid, CPR, and safety. Centers are housed in discreet locations without exterior signage or identification. Inside, security is given strict attention. It begins with center design that provides for clear lines of sight, giving staff members the ability to see children throughout the center at all times. Additional measures taken include double-locked entrances staffed by security guards, a requirement for photo identification for check-in and check-out, and closed-circuit television systems for video monitoring throughout the centers.

Who Can Come to ChildrenFirst®?

Children**First** cares for children from 3 months to 12 years of age, as well as children with special needs. Families in member companies must pre-register their children, filling out the necessary medical and developmental background information before using the center.

Daily Hours

Our centers are open from 8 a.m. until 6 p.m., Monday through Friday; on the West Coast, centers open at 7 a.m. Extended hours and weekend care are available and can be incorporated into your company's corporate membership plan. Children**First** centers are closed for seven national holidays each year.

Scheduling Backup Care

Parents may call us 24 hours a day, 7 days a week, to reserve a spot for their children at our centers. Reservations may be made just minutes before care is needed as well as up to five business days in advance. Parents may use the center for up to 20 days a year; extended care may be provided on a case-by-case basis with pre-approval from the member company.

Teacher:Child Ratios

Understanding that a day at Children**First** is a new experience for a child, we strive to maintain teacher-child ratios that far exceed national and state-mandated standards:

1:1 for infants 3-6 months
1:2 for infants 6-12 months
1:4 for toddlers
1:6 for pre-school
1:8 for school age

We accommodate children with special needs and give them the individual attention needed to ensure a successful day at Children**First**.

Licensing and Accreditation

Each Children**First** center typically exceeds the strict operating standards and procedures outlined by state and local licensing boards. As each center qualifies, Children**First** automatically applies for center accreditation with the National Association for the Education of Young Children (NAEYC).

Insurance

Children**First** has a comprehensive risk management program wich includes both proactive policies and procedures and some of the highest insurance coverage available in the industry.

MARKETS / MONEY / PERSONAL FINANCE

SECTION D

TUESDAY DECEMBER 5, 1995 CCI

BUSINESS

Los Angeles Times

Security Blanket

Children First at 550 South Hope, sponsored by downtown employers, is the only center in Los Angeles devoted exclusively to backup care.

Backup Child Care the Latest Option for Parents, Firms

By NANCY RIVERA BROOKS
TIMES STAFF WRITER

The newest child-care center in downtown Los Angeles is filled with toys, bright colors, the laughter of children and the relief of parents whose regular baby-sitting arrangements have temporarily disintegrated.

Called Children First at 550 South Hope, the center is the only one in Southern California devoted strictly to backup child care for those inevitable times when school is closed, the nanny calls in sick, your home-care provider has her house fumigated, a stay-at-home spouse schedules a job interview or your child develops some noncontagious malady.

> 'Employers are realizing that there is a dire effect on the bottom line... just because child care has fallen through.'
>
> **ANDREA GOODMAN**
> *Director of Marketing for Children First Inc.*

Children First, which officially opens today, is sponsored by a dozen downtown employers, primarily law firms, as a way to reduce employee absenteeism and boost productivity. Employees make a reservation, show up at the appointed time with children (ages 3 months to 12 years) in tow and proceed to work, happy in the knowledge that their kids are being entertained at a site that is more secure than most bank vaults and by a teacher, who more likely than not, holds an advanced degree.

Backup care is the latest wrinkle in the child-care blanket as corporations learn that employees with sudden child-care snags are employees who will not be on the job that day.

Although some child-care centers will provide temporary care for preschool-age children if space is available, no other center in Southern California specializes in filling in when regular child care breaks down or your child's school springs a teacher training day on you. (A few centers for mildly ill children operate in Southern California, and several will accept healthy children if space is available and the parents aren't too worried about germs.)

"Employers are realizing that there is a dire effect on the bottom line . . . just because child care has fallen through," said Andrea Goodman, Director of Marketing for Boston-based Children First Inc., which operates the center. The 3-year-old corporation runs nine backup centers nationwide, and will open its 10th, in San Francisco, in January.

Child-care problems can cause an employee to miss up to eight days of work a year, which recent studies show can add up to

CARE: Backup Centers the Newest Wrinkle

as much as $4,000 per year per employee, Goodman said. Participating in a backup child-care center costs employers significantly less, she said.

Employers who participate in the new Children First backup child-care center in downtown Los Angeles pay $22,000 per space. Fees can be much lower, Goodman said, depending on the size of the employer and the extent of its participation in the center. Children First also operates centers sponsored by office building landlords or by a single corporation.

Larry Sobel, Managing Partner in Los Angeles for Orrick, Herrington & Sutcliffe, said the law firm participates in the Los Angeles center because of the economic benefit to the firm and its employees.

"We are in business, and like everything else, you need to analyze the pros and cons of anything you do," Sobel said. Child-care emergencies are "very disruptive to the office, and it can be very expensive to bring in temporary employees for a day or two."

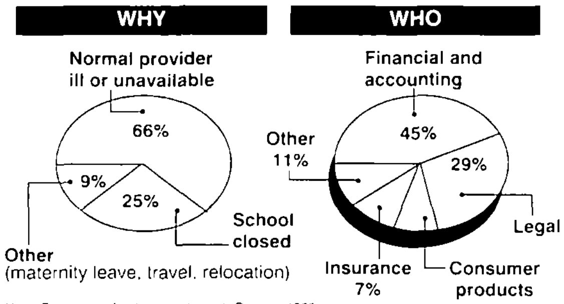
At Children First, parents are given a certain number of days they can use the center, typically no more than 20 a year. Any co-payment by the employee is determined by the employer, Goodman said.

As part of the center's tight security procedures, parents fill out extensive pre-registration packets and are required to supply photos of the child, parents and anyone authorized to pick up the child.

No signs identify the Hope Street office building housing Children First, and visitors must be buzzed through two locked doors to reach the pleasant, light-filled center. (The locked doors are for security only and parents are encouraged

Watching the Kids

A dozen downtown employers are sponsoring Los Angeles' first backup child-care center, Children First, which opens today. Children First runs nine such centers nationwide. Reasons parents give for using them, and clients by industry:



Note: Figures are for January through October 1995
Source: Children First
Researched by: MAGGIE BARNETT / Los Angeles Times

Los Angeles Times

to drop in at any time, particularly at lunchtime.) Security cameras, which are masked from the children's view, constantly sweep the facility.

The center is divided into separate areas for infants, toddlers, preschoolers and school-age children, with activities appropriate for each. The infant room features a tiny mirror and ballet bar for standers-in-training; the school-age area includes a climbing structure and computers.

The curriculum varies each week, but the staff doesn't, Goodman said. Children First prides itself on a low turnover rate and a high level of staff training, she said, adding that about 75% of the Los Angeles staff hold master's degrees.

The center does not care for sick children, but it will accept a child, who, for example, sprained his ankle and needs to rest for a day or two. Now that Children First has opened centers in several major cities, including New York and Chicago, it is becoming popular with traveling parents who can take their children on business trips and leave them for the day at a Children First center in another town, Goodman said.

Los Angeles employers that have signed up for the center: Boston Consulting Group; Ernst & Young; Gibson, Dunn & Crutcher; Heller, Ehrman, White & McAuliffe; Kirkland & Ellis; Latham & Watkins; Morrison & Foerster; Orrick, Herrington & Sutcliffe; Pillsbury Madison & Sutro; Scudder, Stevens & Clark; Capital Group Cos.; and Trust Co. of the West.

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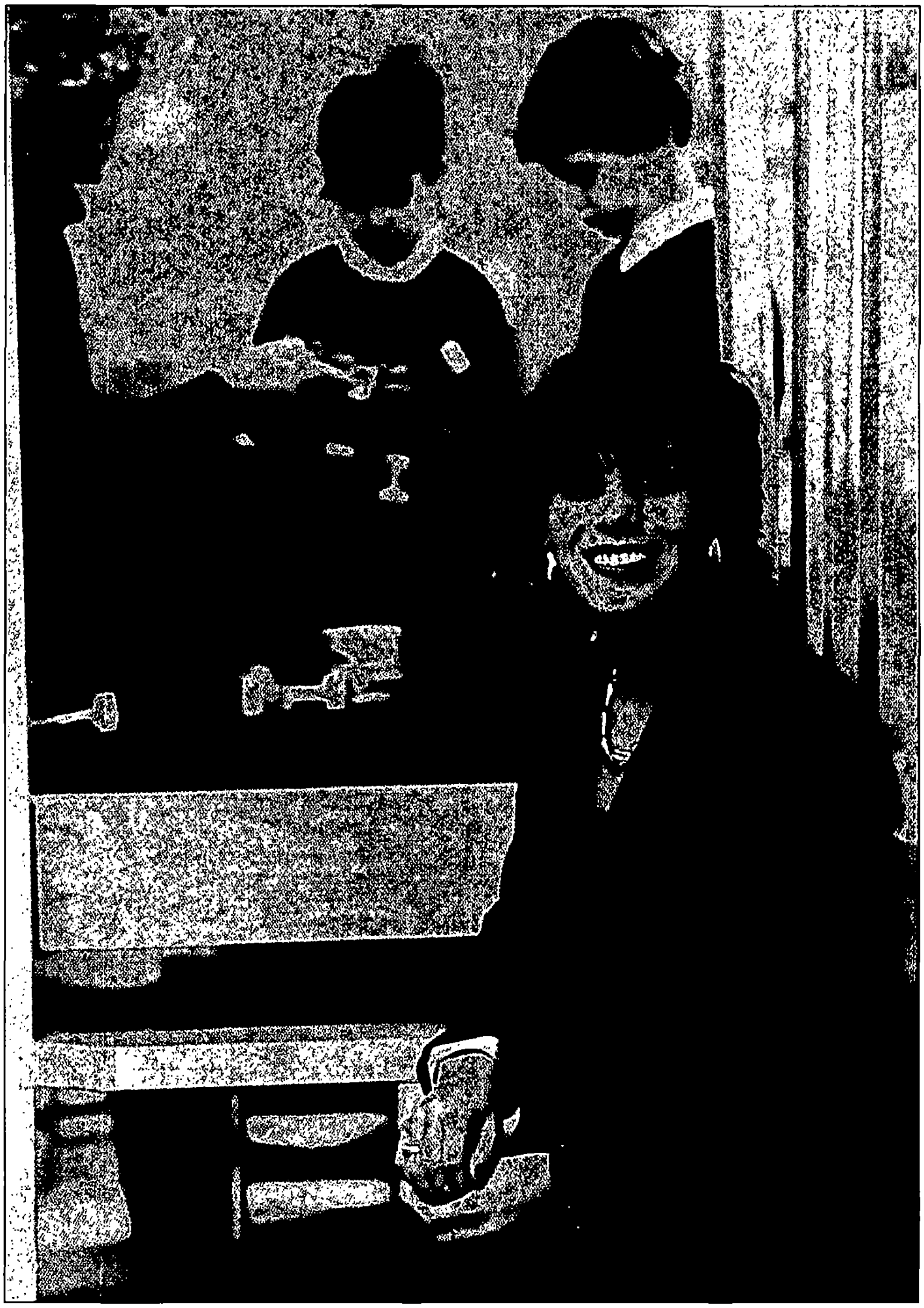
A first in child care

Boston company backup specialist for corporations

By Shoba Narayan
SPECIAL TO THE GLOBE



Rosemary Jordano, founder and president of Children First

NEW YORK—Susan Mink's day care emergency was an opportunity for an entrepreneurial Boston company called Children First Inc.

Mink, a principal at Morgan Stanley, recalls the Monday morning not too long ago when her nanny, Keshay, called in sick. By that time, Mink's husband Marc had left for work and her two sons were without day care for the day.

"I had an important meeting that morning, but I had to cancel it to stay home and watch the kids," Mink said.

Now if it happens again, Mink has a solution at hand thanks to Children First. The company, just two years old, specializes in backup child care for corporations, and is expanding nationwide. Children First is hired by corporations to design and operate backup day care centers in the workplace – a simple concept that is just now catching on in a big way.

Since 1992, Children First has established six such centers, two in Boston and four in New York and New Jersey, and is setting up new centers in Chicago, Los Angeles and San Francisco. Children First's original 8-person back office operation has become a multimillion dollar franchise with a staff of more than 50 people.

"We don't take credit for the idea, but we do take credit for setting up world-class facilities," said Rosemary Jordan, founder and president of Children First. "We are the only ones doing this nationally and exclusively."

Accompanying a dramatic increase in dual-income families in the United States is the difficulty in balancing work and home needs. The Partnership Group, a

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Philadelphia-based child care resource, referral and consulting firm that serves 127 corporations, reports that 26 percent of employees with children under the age of 13 have experienced child care crises in the last three months. As a result, the employees missed two or three work days, or worked shorter hours.

Backup child care has become a priority, if not a necessity, both for employees and corporations. Diane Welsh, president of New York City's National Organization for Women, said that child care had reached "crisis" proportions in the corporate world, given the long hours and inherent stress of the various jobs.

"We need to be working on this as a national issue from various angles," said Walsh. "From a company's point of view, such [backup] centers help the employee just basically get to work, improves their productivity on the job and improves employee morale in general."

Many companies now offer backup child care as part of their benefits package, where employees can call a child care agency when their regular babysitter is unavailable. Children First's clients have gone one step further.

Last month representatives from 11 corporations – including Arthur Andersen & Co., Bristol-Meyers Squibb Co., Conde Nast Publications, Coopers and Lybrand, CS First Boston Inc., Deutsche Bank, Ernst and Young, J.P. Morgan, Morgan Stanley, Sony Music Entertainment Corp. and Swiss Bank – cut a red ribbon and inaugurated the Children's Center at 630 Fifth Ave. in Manhattan.

The Children's Center serves 15,000 employees from these 11 corporations, and can accommodate 40 children between the ages of three and five. The employees have to be registered with the center, and reserve in advance before bringing their children in. Some corporations charge their employees $10 or $20 per day for using the center, but many of them subsidize the cost entirely. Each employee is allowed 20 days of backup child care during the year, and have to give "good reason" for using the center.

Children First records these reasons, which could be anything from a snow day, to a sprained ankle that prevents the child from attending school, and sends a monthly report to the various corporations.

"They have nailed every issue I was concerned about, both as a parent and as an administrator," said Cindy Hirsch, director of administration at Ernst and Young, an accounting firm in New York City. "Their curriculum is outstanding, their staff are not just babysitters, but educators, and the center is just a wonderful place. They are absolutely a class act."

"Class," in this case, is not cheap. Each company made a contribution of $20,000 per space (there are a total of 40 spaces), and an annual participation fee of $18,000 per space. This works out to be about $1,600 a month per space.

In most cases, employees are invited to visit the center once it is built. After that, have a family day, when employees can bring their families for a day of fun, games, clowns, balloons and magic shows. Children First encourages all their clients to use the center in a non-emergency situation as early as possible.

'We don't take credit for the idea, but we do take credit for setting up world-class facilities. We are the only ones doing this nationally and exclusively.'

—ROSEMARY JORDANO, *founder and president of Children First*

"By the time an emergency comes up they have interacted with us at least four times," said Jordano. "We want them to be comfortable about leaving their children with us."

"You get what you pay for," Jordano said. "We charge more than other child care providers but we show the companies where the money is going, and how we are using it."

Most of the money is used to pay staff salaries, and to buy or rent the real estate. The cost of setting up a center in California, would, therefore, be cheaper than in New York, according to Jordano, and in Boston and Chicago, even more so. Staff salaries start at $22,000 for an assistant teacher, and go up to $55,000 for a director. Two-thirds of the staff have a master's degree in early childhood education. A detailed background check that includes a drug test and employment history is done on staff members before they are hired. In addition, each center has a pool of elementary school teachers for backup help on high-demand days like Monday school holidays when a separate room is set up for school age children in addition to their regular child care.

The process of setting up the centers is a "courtship with the parents" according to Jordano. They have three models. The first model is when an individual company wants Children First to set up a center within its building for the exclusive use of its employees. In Manhattan, Bankers Trust and Goldman Sachs have two such centers within their buildings. Morgan Stanley is in the process of creating one.

The second model is when Children First markets to a consortium of companies that are within walking distance of each other. The Children's Center in Manhattan is a five-minute walk from each of the 11 companies it serves. The Children's Center at One Financial Center in Boston serves 16 corporations under similar circumstances.

The third model is when a real estate developer wants to include such a facility in their building as an amenity to their tenants.

A smiling, vivacious woman, Jordano speaks passionately about child care in the corporate environment. She graduated from Wellesley College with a bachelor's degree in economics and psychology.

She then worked in Merrill Lynch in New York as an investment banker, and discovered very quickly that "Wall Street wasn't for me." She went to Oxford University on a Rotary Scholarship to do early childhood development, and later went on to get an MBA from Stanford University. Children First grew out of her studies at Oxford and Stanford.

"Most places [child care centers], the children go to every day," said Debbie Lee, a teacher at the Children's Center in Manhattan. "Here, they come once in a while, usually because of a stress situation at home. It's tough for a kid, you know, if your mom puts you in a strange place and says, 'See you in five hours. Bye.' "

Typically, the centers open at 8 a.m., but Children First's forte is its ability to accommodate a company's special needs. The center at One Financial Center, which serves Gillette Co. among others, opens at 5:30 a.m. on days when the employees of Gillette's 6 a.m. production line need backup child care. Similarly, when there is a consortium, all the spaces are opened up after 9 p.m. for reservation on a first-come-first-served basis, regardless of which company the employee belongs to.

"Employees rarely abuse that privilege, because they want to save their days for a real emergency, and you never know when that will happen," said Tracy Reed, assistant director at the center in Bankers Trust Plaza, Manhattan.

ChildrenFirst Inc.

Excellence in Backup Child Care

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