

DEVRY INC  
Form 10-K  
August 27, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-K

(Mark One)

T ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: JUNE 30, 2008

OR

£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 1-13988

DeVry Inc.

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation or  
organization)

36-3150143  
(I.R.S. Employer Identification No.)

ONE TOWER LANE, SUITE 1000,  
OAKBROOK TERRACE, ILLINOIS  
(Address of principal executive offices)

60181  
(Zip Code)

Registrant's telephone number; including area code:  
(630) 571-7700

Securities registered pursuant to section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered:
Common Stock \$0.01 Par Value	NYSE, CSE
Common Stock Purchase Rights	NYSE

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  T No  £

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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State the aggregate market value of the voting and non-voting common equity held by nonaffiliates as of the last business day of the Registrant's most recently completed second fiscal quarter computed by reference to the price at which the common equity was last sold. Shares of common stock held directly or controlled by each director and executive officer have been excluded. Determination of stock ownership by non-affiliates was made solely for the purpose of responding to this requirement and the Registrant is not bound by this determination for any other purpose. December 31, 2007 - \$3,227,970,055

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Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.  
August 15, 2008 — 71,412,130 shares of Common Stock, \$0.01 par value

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DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on November 13, 2008, are incorporated into Part III of this Form 10-K to the extent stated herein.

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## DeVry Inc.

ANNUAL REPORT ON FORM 10-K  
FISCAL YEAR ENDED JUNE 30, 2008

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual report on Form 10-K, including those that affect DeVry's expectations or plans, may constitute forward-looking statements subject to the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as DeVry Inc. or its management "anticipates," "believes," "estimates," "expects," "forecasts," "foresees," or other words or phrases of similar import. Actual results may differ materially from those projected or implied by these forward-looking statements. Potential risks and uncertainties that could affect DeVry's results are described more fully in Item 1A, "Risk Factors" and in the subsections of "Item 1 — Business" entitled "Competition," "Student Recruiting and Admission," "Accreditation," "Approval and Licensing," "Tuition and Fees," "Financial Aid and Financing Student Education," "Student Loan Defaults," "Career Services," "Seasonality," and "Employees." The forward looking statements should be considered in the context of the risk factors listed above and discussed elsewhere in this Form 10-K.

ITEM 1. DESCRIPTION OF BUSINESS

OVERVIEW OF DEVRY INC.

DeVry Inc. ("DeVry") is incorporated under the laws of the State of Delaware. DeVry's executive offices are located at One Tower Lane, Suite 1000, Oakbrook Terrace, Illinois, 60181, and the telephone number is (630) 571-7700.

DeVry, through its wholly-owned subsidiaries, owns and operates DeVry University, Advanced Academics, Ross University, Chamberlain College of Nursing, and Becker Professional Review.

DeVry University, founded by Dr. Herman DeVry in 1931, offers associate, bachelor's and master's degree programs in technology; healthcare technology; business and management. DeVry University is one of the largest private, degree-granting, regionally accredited, higher education systems in North America. Undergraduate and graduate degree programs are offered in the United States, Canada and online. Graduate degree programs in management are offered through DeVry University's Keller Graduate School of Management, which was founded in 1973 by Dennis J. Keller and Ronald L. Taylor.

Advanced Academics, founded in 2000, provides online secondary education to school districts throughout the United States. DeVry acquired Advanced Academics in October 2007. The addition of Advanced Academics has further diversified DeVry's curricula. Advanced Academics and DeVry University comprise the DeVry University segment.

Ross University, which was founded in 1978, is one of the world's largest providers of medical and veterinary medical education. Ross University comprises Ross University School of Medicine, located in the Caribbean country of Dominica, and Ross University School of Veterinary Medicine, located in St. Kitts. DeVry acquired Ross University in May 2003.

Chamberlain College of Nursing, formerly Deaconess College of Nursing, was founded in 1889 and acquired by DeVry in March 2005. Chamberlain offers several nursing degree and degree completion programs at its four campuses in the United States and online. With Ross University, Chamberlain makes up DeVry's Medical and Healthcare segment.

Becker Professional Review, founded in 1957 as the Becker CPA review and acquired by DeVry in 1996, prepares candidates for the Certified Public Accountant ("CPA") and Chartered Financial Analyst ("CFA") professional certification examinations, and offers continuing professional education programs and seminars in accounting and finance. These classes are taught in nearly 300 locations, including sites in 27 foreign countries and DeVry University teaching sites. Becker comprises DeVry's Professional and Training segment.

Student enrollments in DeVry's degree granting programs, including DeVry University, Ross University and Chamberlain College of Nursing, follow.

Percent of Enrollments by Degree			Percent of Enrollments by Program		
	Fall 2006	Fall 2007		Fall 2006	Fall 2007
Doctoral	6.5%	6.8%	Technology	32.5%	30.8%
Master's	21.3%	21.3%	Business	57.6%	57.1%
Bachelor's	61.7%	61.4%	Medical and Health	9.9%	12.1%
Associate	10.5%	10.5%			

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Financial and descriptive information about DeVry’s operating segments is presented in Note 15, “Segment Information,” to the Consolidated Financial Statements. Unless indicated, or the context requires otherwise, references to years refer to DeVry’s fiscal years then ended.

DEVRY UNIVERSITY

The mission of DeVry University is to foster student learning through high-quality, career-oriented education integrating technology, business and management. DeVry University delivers practitioner-oriented undergraduate and graduate programs onsite and online to meet the needs of a diverse and geographically dispersed student population. Graduate degree programs in management are offered through DeVry University’s Keller Graduate School of Management.

Curriculum

DeVry University offers degree programs in the following areas:

Associate Degree Programs	Bachelor’s Degree Programs	Master’s Degree Programs
Accounting	Business Administration with majors/concentrations in:	Educational Technology
Electroneurodiagnostic Technology	Accounting	Electrical Engineering
Electronics & Computer Technology	Business Information Systems	Keller Graduate School of Management:
Health Information Technology	Finance	Accounting and Financial Management
Network Systems Administration	Health Services Management	Business Administration
Web Graphic Design	Hospitality Management	Human Resource Management
	Human Resource Management	Information Systems Management
	Operations Management	Network and Communications Management
	Project Management	Project Management
	Sales & Marketing	Public Administration
	Security Management	
	Small Business Management & Entrepreneurship	
	Technical Communication	
	Biomedical Engineering Technology	
	Computer Engineering Technology	
	Computer Information Systems with specific tracks in:	
	Business/Management	
	Computer Forensics	
	Database Management	
	Information Systems Security	
	Systems Analysis and Integration	
	Web Development and Administration	
	Electronics Engineering Technology	
	Game and Simulation Programming	
	Information Technology	

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Network and Communications  
Management  
Technical Management with  
specialization in:  
Criminal Justice  
Health Information Management  
Business Administration  
General Technical Management

Students access these programs through a North American system of 91 locations as well as through DeVry University Online. In addition to these degree programs, DeVry University offers certificate programs and classes to non-degree students wishing to take courses for personal or professional enrichment.

DeVry University reviews and revises its curricula on a regular basis for relevance to both students and employers. In addition, new programs and degrees are regularly evaluated to improve DeVry University's educational offerings and respond to competitive changes in job markets.

Some of the more significant developments from the past several years are summarized below.

In 2005, a bachelor's degree in game and simulation programming (GSP) was introduced, targeted for students who plan to work in the computer and video game industry or in career fields utilizing simulations such as crime scene investigation, education, and military training.

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⌘ 2006, a criminal justice specialty within the bachelor's degree technical management (BSTM) program was introduced. The criminal justice specialty is designed for students with at least one year of professional experience in law enforcement, criminal justice, or a closely related field, and for students who wish to obtain additional credentials for career advancement.

⌘ 2006, an online finance concentration within the bachelor's degree business administration program (BSBA) and an online health information management (HIM) technical specialty within the bachelor's degree in technical management (BSTM) were introduced.

⌘ 2007, an associate degree program in web graphic design (WGD) was introduced to prepare students to develop graphic media – web pages, marketing collateral, advertising, instructional material and multimedia.

⌘ 2007, in addition to the graduate program offerings of Keller Graduate School of Management, DeVry University began offering a masters degree in educational technology.

⌘ 2008, DeVry launched the Keller Center for Corporate Learning to provide education and training solutions to companies to help meet their organizational needs and the goals of their individual employees with the programs offered through DeVry University, its Keller Graduate School of Management and Becker Professional Review.

⌘ July 2008, DeVry launched an associate degree program in electronics and computer technology (ECT), two bachelor's degree programs in electronics engineering technology (EET) and computer engineering technology (CET) – all online, as well as a new online-only master's degree program in electrical engineering (MSEE).

Laboratory courses throughout each curriculum prepare students for the workplace by integrating classroom learning with a practical, hands-on experience and applied learning activities that enhance technical skills. For some courses, laboratory activities are delivered in a specialized classroom featuring advanced equipment and software. In addition, some laboratory activities take place in a lecture-lab classroom, using PCs and various software packages.

DeVry University also invests in resources for libraries and academic support services that can assist students in any phase of their educational program. DeVry University offers undergraduate students an array of social and professional activities including student organizations closely linked to students' professional aspirations. Campuses regularly invite technology and business leaders into the classroom. Faculty members serve as mentors for student chapters of professional associations and sponsor a wide range of student co-curricular projects. Students are required to complete a course that teaches practical strategies and methods for realizing success so they will be prepared to assume responsibility for their own learning and growth.

Keller Graduate School of Management emphasizes excellence in teaching, student mastery of practical management skills, and service to working adults. The curricula, like the undergraduate curricula, are subject to regular review for relevance to both students and employers. Keller offers classes in the evening, on weekends and online, which enables students to complete their degrees using whatever combination of online and onsite coursework suits their needs. To broaden the scope and appeal of its master degree programs, Keller has developed concentrations and graduate certificates. Most faculty members are practicing professionals who bring their expertise to the classroom, emphasizing theory and practices that will best serve students in their work as managers. Critical competencies in areas such as business communications, electronic commerce, technology, ethics, quality, and international matters are woven throughout the curricula.

Keller's Master of Accounting and Financial Management program offers students a choice of three professional certification exam-preparation emphases: Certified Public Accountant, Certified Fraud Examiner, or Chartered Financial Analyst. The Certified Public Accountant and Chartered Financial Analyst concentrations were developed in



conjunction with Becker Professional Review. Keller's Master of Project Management program abides by the operational and educational criteria set forth by the Project Management Institute ("PMI") and is in candidacy status to earn accreditation through PMI's global Accreditation Center. Coursework within Keller's Master of Human Resource Management program is in alignment with the HR Curriculum Guidelines and Templates established by the Society for Human Resource Management. The Master of Public Administration program offers students a choice of three tracks: government management, nonprofit management, and health management.

#### Academic Calendar

DeVry University operates on a uniform academic calendar for both the undergraduate and graduate degree programs across all methods of educational delivery — onsite and online. The calendar consists of three academic periods of 16 weeks each, comprising either a 15-week semester or two eight-week sessions. All online courses, Keller Graduate School programs, and most undergraduate programs are offered in eight-week sessions.

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Online Delivery and Technology

DeVry University has offered online graduate programs since September 1998, and online undergraduate programs since 2001. Our online course offerings have increased every year, and we expect to continue to add online programs and concentrations in the future. By offering courses online, we can better serve students whose schedules or personal circumstances prevent them from attending classes in person, optimize use of classroom space, and offer students the latest educational technologies.

The majority of DeVry University’s online students are adults attracted by the quality, inherent flexibility and convenience of the program. We also have many students who “mix and match” onsite and online courses to best meet their individual needs and schedules.

All of the Keller master’s degree programs are offered online. DeVry University offers the following undergraduate degree programs in an online format:

—	Accounting
—	Business Administration
—	Computer Engineering Technology
—	Computer Information Systems
—	Electrical and Computer Technology
—	Electrical Engineering Technology
—	Game and Simulation Programming
—	Health Information Technology
—	Network and Communications Management
—	Network Systems Administration
—	Technical Management

In addition to our online degree programs, many undergraduate and graduate courses are taught using an integrated learning system, or “hybrid model,” that incorporates both onsite and instructor-guided online activities.

Enrollment Trends

In spring 2008, 44,814 full and part-time students were enrolled in DeVry University’s undergraduate day, evening, and online programs. There were 16,537 coursetakers in DeVry University graduate programs, including its Keller Graduate School of Management, for the term that began in May 2008. The term coursetaker refers to the number of courses taken by a student. Thus, one student taking two courses is counted as two coursetakers.

Total undergraduate enrollment in summer 2008 was 45,907, an increase of 12.6% compared to 40,774 in the previous summer. There were 16,017 graduate coursetakers in the July term, an increase of 14.2% from the same term of last year. Coursetaker enrollment in DeVry University online program offerings in summer 2008 was 44,503, an increase of 23.6% over the prior year.

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The following table provides historical enrollment data for DeVry University's undergraduate operation, including both onsite and online students.

Fiscal Year	Undergraduate New Students			% Change Over Prior Year		
	Enrollment			Summer	Fall	Spring
	Summer	Fall	Spring	Summer	Fall	Spring
2009	16,595			19.3%		
2008	13,906	13,204	12,410	9.7%	10.7%	12.1%
2007	12,671	11,930	11,075	12.2%	11.9%	6.9%
2006	11,293	10,663	10,359	7.3%	6.4%	16.4%
2005	10,522	10,018	8,902	0.9%	(5.8)%	6.4%

Fiscal Year	Undergraduate Total Students			% Change Over Prior Year		
	Enrollment			Summer	Fall	Spring
	Summer	Fall	Spring	Summer	Fall	Spring
2009	45,907			12.6%		
2008	40,774	44,594	44,814	9.8%	10.3%	10.3%
2007	37,132	40,434	40,637	2.5%	4.9%	5.5%
2006	36,220	38,546	38,523	(4.8)%	(2.3)%	1.2%
2005	38,036	39,450	38,083	(5.8)%	(8.3)%	(6.8)%

The following table provides historical coursetaker enrollment for DeVry University's graduate operation including its Keller Graduate School of Management.

Fiscal Year	Graduate Coursetakers					
	July	September	November	January	March	May
2009	16,017					
2008	14,023	15,857	15,657	17,377	17,005	16,537
2007	12,617	14,069	13,920	15,278	14,756	14,290
2006	11,434	12,732	12,777	13,776	14,029	13,148
2005	10,276	12,129	12,368	12,597	12,496	12,113

  

Fiscal Year	% Change Over Prior Yr					
	July	September	November	January	March	May
2009	14.2%					
2008	11.1%	12.7%	12.5%	13.7%	15.2%	15.7%
2007	10.3%	10.5%	8.9%	10.9%	5.2%	8.7%
2006	11.3%	5.0%	3.3%	9.4%	12.3%	8.5%
2005	8.4%	9.0%	9.7%	5.8%	5.8%	8.7%

The following table provides historical enrollment for DeVry University's undergraduate and graduate online coursetakers.

Fiscal Year	Online Coursetakers*			% Change Over Prior Year		
	Enrollment			Summer	Fall	Spring
	Summer	Fall	Spring	Summer	Fall	Spring
2009	44,503			23.6%		
2008	36,001	41,128	43,889	26.0%	27.1%	25.0%
2007	28,580	32,369	35,111	35.7%	32.9%	22.5%

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2006	21,068	24,357	28,912	67.3%	50.0%	46.3%
2005	12,590	16,236	19,759	92.8%	78.9%	79.1%

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\* Online coursetakers are included in the new and total undergraduate and graduate student counts.

#### Population trends

The total postsecondary student population can be thought of as two categories of students: career-launchers, who are mostly traditional college-age students; and career-enhancers, who are mostly working adults.

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According to the U.S. Department of Education, between 1995 and 2005 enrollment in degree granting institutions increased by 23%, from 14.3 million to 17.5 million. Enrollment increases may be affected both by population growth and by rising rates of enrollment. Between 1995 and 2005, the number of 18- to 24-year olds increased from 25.5 million to 29.3 million, and the percentage of 18- to 24-year olds enrolled in college rose from 34% to 39%.

The number of young students has been growing more rapidly than the number of older students, but this pattern is expected to change. The U.S. Department of Education estimates that between 1990 and 2005 enrollment of students under age 25 increased by 33%. Enrollment of persons 25 and older rose by 19% during the same period. From 2005 to 2015, the National Center for Education Statistics projects a rise of 15% in enrollments of persons under 25, and a rise of 21% in enrollments of persons 25 and older. Many external forces have combined to inspire older students to attend college today: the development of the knowledge-based economy; the rapid pace of technological change in the workplace; the emergence of e-learning tools that make continuing education more feasible; and growing recognition of the importance of lifelong learning.

The National Center for Education Statistics estimates that in 2005 as many as 40% of all college students were at least 25 years old, up from about 28% in 1970 and 39% in 2000. DeVry believes that more than half of our undergraduate students are at least 25 years old. More significantly, at DeVry University online and DeVry University centers, which are designed for the adult student and have been the fastest growing portion of our operations, we estimate that at least 80% of the students are age 25 or older. Projections indicate that the percentage of this age group attending college will remain constant at approximately 40% until 2014. The Bureau of Labor Statistics projects that through 2010, job categories requiring at least some postsecondary education (primarily bachelor's and associate degrees) will grow nearly twice as fast as those not requiring such education.

Another strong motivation for students considering a postsecondary education is the prospective income premium. According to the U.S. Census Bureau, in 2004, the average income of U.S. employees with a bachelor's degree was approximately \$51,550, more than 80% higher than the average for those with only a high school education. The wage gap is even larger for those with graduate degrees.

DeVry University's student body is increasingly diverse and many come from lower income families or are first in their family to attend college. Some DeVry University campuses rank near the top of the list of institutions in the number of degrees granted to minority students in the fields of computer and information science, business, and all academic disciplines combined. In particular, DeVry University was ranked as among the top producers in the country of minority graduates earning bachelor's degrees in the fields of computer and information sciences (CIS), and business, marketing and management by *Diverse Issues in Higher Education* (June 2008).

Demographic information based on DeVry University's fall term enrollments follows.

	Fall 2005	Fall 2006	Fall 2007
Total Population			
Undergraduate	77.9%	76.9%	76.6%
Graduate	22.1%	23.1%	23.4%
	Fall 2005	Fall 2006	Fall 2007
Age			
24 and Under	37.6%	35.1%	33.3%
25-39	48.0%	50.1%	51.3%
40 and Over	14.4%	14.7%	15.3%
Unknown	0.0%	0.1%	0.1%

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Gender	Fall 2005	Fall 2006	Fall 2007
Male	59.7%	58.4%	56.3%
Female	40.3%	41.6%	43.7%

Ethnicity	Fall 2005	Fall 2006	Fall 2007
White, non-Hispanic	43.0%	43.4%	42.9%
Black, non-Hispanic	29.5%	29.1%	29.1%
Hispanic	14.3%	13.3%	13.2%
Asian/Pacific Islander	7.7%	6.9%	6.6%
American Indian/Alaska Native	0.8%	0.7%	0.8%
Non-resident/Alien	1.5%	2.4%	1.7%
Unknown	3.2%	4.2%	5.7%

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### Advanced Academics

Advanced Academics is a leading provider of online secondary education. Founded in 2000 and headquartered in Oklahoma City, Oklahoma, Advanced Academics partners with school districts to help more students graduate high school. Through Web-based course instruction using a proprietary technology platform, Advanced Academics provides a broad range of programs including virtual high schools, supplemental courses, test preparation and remediation. This model is flexible, providing a comprehensive end-to-end solution as well as unbundled, customized programs based on individual school needs. Advanced Academic's programs are taught by certified teachers, and students have access to around-the-clock support.

Advanced Academics operates virtual high schools in six states. Since its inception, Advanced Academics has delivered online learning programs to more than 40,000 students in more than 200 school districts. DeVry acquired Advanced Academics on October 31, 2007.

### MEDICAL AND HEALTHCARE

#### Ross University

Ross University operates two schools: Ross University School of Medicine confers the Doctor of Medicine (M.D.) degree, and Ross University School of Veterinary Medicine confers the Doctor of Veterinary Medicine (D.V.M.) degree. Together, the two Ross schools had 4,064 students enrolled in the May 2008 semester. More than 6,500 graduates have received Ross M.D. degrees since 1978; these individuals are practicing in all 50 states. More than 2,200 graduates have received Ross D.V.M. degrees.

Ross medical students complete a four-semester (approximately 16 months) basic science and pre-clinical curriculum in modern classrooms and laboratories at a campus located in Dominica, followed by a one-semester course entitled Advanced Introduction to Clinical Medicine at the Dominica campus or at the Ross location in Miami or at an affiliated hospital facility in Saginaw, Michigan. After students successfully complete Step 1 of the U.S. Medical Licensing Examination<sup>tm</sup>, which assesses whether medical school students understand and can apply scientific concepts that are basic to the practice of medicine, they can complete the remainder of the 10-semester program by participating in clinical rotations under Ross University direction, and conducted at more than 50 affiliated teaching hospitals in the United States.

During July 2008, Ross University announced it will open a teaching location in Freeport, Grand Bahama, in January 2009. The Ross University Freeport campus will initially accommodate students in the University's medical school. The students will initially be housed and taught in temporary space in Grand Bahama with Ross's new 60,000-80,000 square foot campus targeted to open in 2010. The Ross Dominica campus will continue to maintain its location as the medical school's primary campus. All students in the medical school will begin their training in Dominica, with a portion of third and fourth semester students transferring to Freeport. The Ross University Freeport campus, located 52 miles from Fort Lauderdale, will grow to accommodate the future expansion needs of Ross University's medical program, as well as potentially adding other degree programs. The new campus will initially have 18 - 25 faculty members, and will be equipped for further growth as demand increases. Depending upon the pace of development, capital expenditures related to opening the branch campus, including land, buildings and equipment, is expected to be in the range of \$35-\$60 million over the next 5 years.

Ross' educational program is modeled after the educational programs typically offered at U.S. medical schools. However, Ross' program consists of three academic semesters per year — beginning in May, September, and January — which allows the students to complete their basic science and clinical curriculum in less time than they would at a U.S. medical school. The program prepares students for general medical practice and provides the foundation for

postgraduate specialty training primarily in the United States.

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Ross veterinary students complete a seven-semester pre-clinical curriculum in a large modern facility in St. Kitts. This program is structured to provide a veterinary education that is modeled after educational programs at U.S. veterinary schools. After completing their pre-clinical curriculum, Ross veterinary students enter a clinical clerkship lasting approximately 48 weeks under Ross University direction at one of 21 affiliated U.S. Colleges of Veterinary Medicine.

Fiscal Year	Enrollment			% Change Over Prior Yr		
	September	January	May	September	January	May
2008	572	551	481	(8.9)%	11.1%	15.6%
2007	628	496	416	9.2%	28.2%	(5.2)%
2006	575	387	439	40.6%	67.5%	63.8%
2005	409	231	268	(12.4)%	(36.7)%	26.4%

Fiscal Year	Enrollment			% Change Over Prior Year		
	September	January	May	September	January	May
2008	3,876	4,011	4,064	4.1%	7.0%	7.9%
2007	3,724	3,747	3,767	15.4%	14.8%	9.9%
2006	3,227	3,264	3,428	(3.8)%	4.5%	13.2%
2005	3,353	3,122	3,029	5.6%	(3.3)%	(8.5)%

The average Ross medical student is 27 years old — two years older than the U.S. medical school average — and the student population is approximately 56% male. The average Ross veterinary student also is 27 years old — one year older than the U.S. veterinary school average — and the student population is more than 72% female. Most Ross students are either citizens or permanent residents of the United States.

#### Chamberlain College of Nursing

DeVry acquired Chamberlain College of Nursing in March 2005. Founded as Deaconess College of Nursing more than a century ago, Chamberlain offers programs in nursing education leading to one of two degrees: a Bachelor of Science in Nursing (“BSN”), or an Associate of Science in Nursing (“ASN”). Students enroll at campuses in St. Louis, Missouri; Columbus, Ohio, Phoenix, Arizona; Addison, Illinois; and online. Chamberlain had approximately 2,200 students enrolled in the July 2008 semester.

Chamberlain’s BSN program is a traditional on-campus baccalaureate program. The BSN program enables students to complete their BSN degree in three years of full-time study as opposed to typical four year BSN programs where students take the summer off. Students who already have achieved Registered Nurse (“RN”) designation through a diploma or associate degree can complete their BSN online through Chamberlain’s “fast track” RN to BSN completion program in as little as three semesters. The ASN program is a six-semester year round program offered onsite or online. In addition, Licensed Practical Nurses (“LPNs”) receive up to 10 hours of credit for their previous work and can complete an ASN degree through either the onsite or online programs. Beginning October 2008, Chamberlain will discontinue the online delivery of its Associates of Science in Nursing Degree program offered through its St. Louis, Missouri campus. Approximately 35 students will be affected by the discontinuation of this program.

Both degree programs provide nursing skill training and general education. Pre-licensure students complete clinical training at hospitals or other healthcare facilities. Chamberlain has developed numerous partnerships with hospitals for this purpose.

Ninety percent of Chamberlain students are female. Students in the on-campus BSN program tend to be younger, yet most enter Chamberlain with previous college credits. Those in the ASN program tend to be non-traditional adult students who are changing careers.

According to the U.S. Bureau of Labor Statistics, RNs constitute the largest healthcare occupation in the United States with 2.3 million jobs. The U.S. Department of Health and Human Services projects that the demand for RNs will grow by 27.3% over the next several years.

#### Acquisition of U.S. Education

On July 30, 2008, DeVry announced it would acquire U.S. Education Corporation (“USEC”) for \$290 million in cash. USEC is the parent organization of Apollo College and Western Career College and is headquartered in Mission Viejo, California. Apollo College and Western Career College prepare students for careers in healthcare through certificate and associate degree programs in such rapidly growing fields as nursing, ultrasound and radiography technology, surgical technology, veterinary technology, pharmacy technology, dental hygiene, and medical and dental assisting. Apollo College is nationally accredited by the Accrediting Council of Independent Colleges and Schools. Western Career College is regionally accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The two colleges operate 17 campus locations in the western United States and currently serve more than 8,700 students. Upon completion of the acquisition, USEC will become part of DeVry’s Medical and Healthcare segment.

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PROFESSIONAL AND TRAINING

Becker Professional Review is a global leader in professional education and training serving the accounting and finance professions. Its primary product lines are review courses preparing students to take the Certified Public Accountant and Chartered Financial Analyst examinations. Through its CPA and CFA review courses, Becker served more than 50,000 students in fiscal year 2008. Becker CPA Review is the industry leader in providing CPA exam review services and has been preparing candidates to pass the exam for over 50 years. For 2007, all ten of the Elijah Watt Sells Award winners, individuals who achieved the highest cumulative scores on the CPA exam, prepared with Becker. For 2005 and 2006, 7 of the 10 Elijah Watt Sells Award winners prepared with Becker.

In 2001, DeVry acquired Stalla Seminars, now called Stalla Review for the CFA Exams, a leading provider of CFA review courses and materials. Stalla offers live, online and self study CFA review programs in the United States and in major financial centers around the world. Stalla has become a leader in course-centric, comprehensive CFA exam preparation for 30 years. Through its classes, resources and our expanding partnerships with firms, local CFA societies, universities, and other global affiliates, Stalla serves thousands of candidates every year worldwide.

To reach students who cannot attend class because of location or schedule conflicts, Becker CPA Review offers complete review courses in more flexible formats, including CD-ROM or online. Becker's online products are interactive, and offer the same instructor-led lessons and materials available in the classroom course. The online course also provides each student an online instructor who offers individualized attention and assistance as needed. CD-ROM and online review course enrollments have grown steadily during the past several years, equaling approximately 60% of total enrollment.

Based on published exam pass rate statistics supplied by the American Institute of Certified Public Accountants, Becker CPA Review students pass at twice the rate of all CPA exam candidates who did not take a Becker review course. Becker CPA exam review course students represent nearly one-half of all students passing the CPA exam. At the request of the CFA Institute, the professional association that administers the CFA exam, Stalla and other providers do not disclose pass rate performance.

In 2005, DeVry acquired Gearty CPE, a provider of continuing professional education programs and seminars in accounting and finance in the New York/New Jersey metropolitan area. This acquisition provided an entrée into the CPE marketplace and complements Becker's existing exam review business.

Enrollment trends

Becker CPA Exam Review

The Uniform CPA Examination ("CPA exam") is prepared and administered by the American Institute of Certified Public Accountants ("AICPA"). The CPA exam is offered only in a computer-based, on-demand, four-part format for eight months of the year. In addition to successfully passing the four-part exam, CPA candidates must also meet educational, work experience, and other requirements specific to the state or jurisdiction in which they intend to be licensed to practice. The demand for CPAs remains strong and the number of exam candidates has increased significantly during the past several years. Based on the most recent surveys released by the AICPA, hires reported by CPA firms for summer of 2007 had a compound annual growth rate of over 22% over the hiring numbers from the last survey covering the 2003-04 base year. The AICPA has predicted a 9-10% annual growth in CPA exam candidates through 2010.

Stalla Review for the CFA® Exams

The CFA exam review is a graduate-level curriculum and examination program intended to expand a candidate's working knowledge and skills relating to the investment decision-making process. The curriculum is broken into three "levels," each of which builds upon another and concludes with an examination. The CFA designation is often referred to in practice as the "gold standard" for investment professionals, serving as a standard for measuring practitioner-oriented competence and integrity in fields including corporate finance, portfolio management, securities analysis and ethical and professional standards. Stalla's approach to CFA exam preparation — The "Stalla System" — combines expert, comprehensive instruction, an integrated suite of learning tools continuous guidance and academic support in a program personalized to fit candidates' unique learning styles and scheduling requirements.

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Becker began offering a CFA review course for the Level 1 examination in 2000. The 2001 acquisition of Stalla Seminars (predecessor of Stalla Review for the CFA® Exam) enhanced that program and added review courses for the respective Level 2 and Level 3 examinations. Stalla also offers CFA exam study materials in print, and its course offerings are also available in more flexible online and self study formats.

Nearly 119,000 candidates from 165 countries enrolled for the June 2008 CFA exam, bringing total enrollments for fiscal year 2008 to more than 175,000 — an increase of 25% over 2007. Of the total enrollments for fiscal year 2008, 32% of candidates were from the United States, 37% were from Asia-Pacific, 16% were from Europe and 8% were from Canada. The majority of the remaining candidates were from Latin America, Africa and the Middle East. The strongest recent candidate enrollment growth has come from outside of North America — particularly within the Asia/Pacific area. Stalla has demonstrated positive enrollment and revenue growth in North American and other markets.

## Continuing Professional Education

Becker offers customized educational and training programs in the fields of accounting, finance and project management to help organizations achieve superior performance through work force development. Since instruction can be conducted at the organization's site, Becker provides a unique and cost-effective continuing education model.

## COMPETITION

### DeVry University

The postsecondary education market is highly fragmented and competitive; no single institution has a significant market share. According to the National Center for Education Statistics, there were approximately 6,540 Title IV eligible postsecondary education institutions in the United States as of the Fall 2006, including approximately 2,680 private, for-profit ("market-funded") schools; approximately 2,010 public, non-profit schools ("publicly-funded" e.g. state institutions and community colleges); and approximately 1,850 private, non-profit ("privately-funded") schools. According to the U.S. Department of Education, in the fall of 2006 approximately 18.2 million students were attending degree-granting institutions that participate in the various financial aid programs under Title IV of the Higher Education Act.

In every market in which DeVry University operates, there are numerous state institutions, community colleges, and privately-funded universities. In particular, there is growing competitive pressure from community colleges, traditional universities, and technical colleges that offer industry-specific certification programs, particularly in the computer information field. In addition, there is growing competition from online programs (both by market-funded and other traditional institutions) and site-based market-funded school programs.

Tuition at independent privately-funded institutions is, on average, higher than the tuition at DeVry University. Publicly-supported colleges may offer similar programs at a lower tuition level because of government subsidies, tax-deductible contributions, and other financial sources not available to market-funded schools. In fact, many local community colleges offer programs similar in content to DeVry University's associate degree programs, but at a much lower tuition. While community college enrollments have grown significantly in recent years and these institutions may be viewed as competitors, they also provide DeVry University an opportunity to serve their graduates: we have a number of articulation and transfer agreements in place with community colleges that make it easier for their graduates to continue their education to earn a bachelor's degree at DeVry University.

For more information on DeVry University tuition, please read the section entitled "Tuition and Fees."

## Geography and Consistency

DeVry University campuses and centers are located in 26 states, with multiple locations within many of the states, as well as one location in Canada. As such, we offer a national system of educational offerings to adults who may be transferred or choose to move from one part of the country to another. In addition, we offer all our graduate programs and nearly all undergraduate programs through DeVry University online, making these programs available to all qualified students without regard to their location or daily schedule. In most markets where it operates, DeVry University offers a broader range of elective course options than its competitors.

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To ensure that students can readily transfer from one DeVry University location to another without disrupting their studies, our graduate and undergraduate curricula generally are consistent at all locations (with some content variations to meet local employment market and/or regulatory requirements).

Undergraduate Programs

DeVry University's competitive strengths in the market for undergraduate programs include:

- Career-oriented curricula developed with employer input to ensure that graduates learn marketable skills;
- Faculty with relevant industry experience;
- Well-developed undergraduate career service program;
- National brand name recognition and market presence;
- Regional accreditation;
- Modern facilities and well-equipped laboratories;
- Evening, weekend, and online class schedules;
- Year-round academic schedule that permits more flexible attendance and earlier graduation; and

Bachelor's degree programs that can be completed in three years, giving DeVry University students the financial advantage of entering the work force one year earlier than their counterparts at traditional four-year undergraduate institutions.

In recent years, DeVry has increased its competitiveness by enhancing several of the undergraduate programs, expanding DeVry University online offerings, and adding DeVry University centers. As a result, we offer more locations, and more flexible class schedules and learning formats, than most other educational institutions. Undergraduate classes at DeVry University campuses generally are offered in morning, afternoon, or evening sessions, which help students maintain part-time jobs. Undergraduate classes at DeVry University centers generally are offered in the evening for the convenience of the predominantly working adult students, but daytime classes are offered at centers in markets where there is deemed to be sufficient demand.

Graduate Programs

DeVry University's competitive strengths in the market for graduate programs include:

- A practitioner approach to education that stresses skills and strategies that employers value;
- Excellence in teaching by a faculty of practicing professionals;

A high level of service to the adult student, including flexible schedules and locations that are convenient to where many students work;

- Convenience of more than 80 onsite teaching locations in major metropolitan areas nationwide; and

- Flexible schedules with six sessions each year which enable new students to start their program any time of the year and continuing students to take a session off, if necessary, to accommodate their schedules.

Graduate programs, both onsite and online, are offered in six, eight-week sessions each year. Classroom-based courses generally meet once a week, either in the evening or on Saturday, for the convenience of students with heavy travel or other demands on their time.



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As the market for adult education programs has expanded in recent years, other schools have implemented multi-location evening and weekend programs. Enrollments in DeVry University's graduate programs continue to increase, demonstrating the recognition it has earned as an innovator in providing quality practical education.

### Medical and Healthcare

#### Ross University

In the medical education market, Ross University competes with the 129 U.S.-based schools of medicine, 25 U.S. colleges of osteopathic medicine, and approximately 25 Caribbean-based medical schools. In the veterinary education market, Ross competes with AVMA accredited schools, of which 28 are U.S., 4 are Canadian and 7 are international veterinary schools. In addition, Ross competes with 2 non-AVMA Caribbean veterinary schools.

Ross University attracts potential students for several reasons. For some, Ross is their first or only choice of schools because of our commitment to and focus on teaching. Others applied to U.S.-based medical or veterinary schools but were not admitted. Some students elected not to apply to U.S. schools because of self-perceived deficiencies in their academic record or standardized test scores.

For 2007, it is estimated that applications to U.S. medical and veterinary medical schools aggregated over 42,000 and 6,000, respectively. From these applicant pools, approximately 45% and 47%, respectively, were accepted. An additional estimated 4,400 students were accepted to U.S. osteopathic medical schools. Acceptance levels have remained largely unchanged for more than two decades, but have recently started to increase with the authorization or opening of several new allopathic and osteopathic schools.

Medical and veterinary school applicants who were denied admission to U.S. schools constitute a large segment of prospective students for Ross University. Based upon the number of Medical College Admission Test ("MCAT") takers, which decreased to approximately 67,800 in 2007 (down from approximately 70,900 in 2006), management believes the potential market for medical school students is much larger than the denied applicant pool alone.

According to the Association of American Medical Colleges, the demand for medical education is expected to increase over the next decade by approximately 30%, spurred by a physician supply/demand imbalance that is projected to grow. The capacity of U.S. medical schools has not changed materially in more than two decades. However, some expansion is likely in the U.S. medical education industry in the future because of the growing supply/demand imbalance for medical doctors. Management believes the veterinary medical education market is subject to some of the same forces.

Compared to its market-funded competitors, Ross University enjoys several competitive advantages, including a large alumni base and strong reputation, federal financial aid eligibility for its students, and the historically large network of diverse geographical opportunities for clinical rotations.

In the last year for which there is published data (September 2002), more Ross University School of Medicine graduates obtained first year residency positions at U.S. teaching hospitals than graduates from any other medical school in the world, including those schools in the United States. Those residency appointments have been in virtually every medical specialty and subspecialty.

#### Chamberlain College of Nursing

Nursing constitutes the largest occupation in healthcare, with more than 2.3 million nursing jobs in the United States alone. It is estimated that more new nursing jobs will be created in the United States during the next decade than in

any other healthcare profession. The strong job market for nurses has spurred applications to nursing schools, but has not yet produced a sufficient increase in educational capacity. It is estimated by the American Association of Colleges of Nursing that over 36,000 qualified applicants were turned away from U.S. baccalaureate degree-granting nursing schools in 2007 because of lack of capacity.

Nationally, Chamberlain competes in the nursing education market with more than 800 programs leading to RN licensure. These include both four-year educational institutions and two-year community colleges. However, Chamberlain has an advantage over many of its competitors because it offers an accelerated three-year BSN program and an ASN program that can be taken either onsite or online.

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Professional and Training

Becker competes with other methods of CPA and CFA exam preparation, including self-study courses sponsored by the CFA Institute and affiliated societies, courses offered by colleges and universities, and courses offered by other private training companies. Becker typically charges more for exam preparation than colleges and private competitors.

With its 50-plus year history and track record of preparing students to pass the CPA exam, Becker differentiates itself from competitors by providing:

- Extensive and constantly updated review and practice test materials;
- Experienced, well qualified instructors for each of the areas of specialty included in the exam;

Courses available in several formats, including live class, self study CD, and online sessions, to meet candidate needs for flexibility and control; and

- Practice simulations and software functionality, similar to those used in the actual exam.

Becker's CD-ROM and online courses offer a wider range of study alternatives than other course providers. Becker students have a high success rate on the exam; some of Becker students enroll after taking other review courses or studying independently without success.

Stalla differentiates itself from competitors by employing an expert-led, comprehensive approach to preparation focused on helping candidates master and apply CFA curriculum topics and pass their exams. Other advantages over competing programs include:

- A curriculum produced by more than 50 CFA Charterholders and subject matter experts;

An instructional team that includes Charterholders, practitioners and subject matter experts, all of whom are skilled teachers;

Materials that are continually updated to reflect the most recent CFA curriculum, with a rigorous quality assurance process in place;

- Courses that are available in several formats, including live class, self study CD, and online sessions, to meet candidate needs for flexibility and control; and

Access for all Stalla System candidates to a team of CFA Charterholder, upon whom they can rely for ongoing and unlimited support and expert guidance.

CPA and CFA exam candidates can take advantage of the Becker review course content and methodology in conjunction with their DeVry University MBA or Master of Accounting and Financial Management programs in several states, earning full academic credit. These credits also may be used to fulfill the 150-hour educational requirement that most states have made a prerequisite to sitting for the CPA exam. Extending the marketing and administrative benefits of joint operation, Becker offers classes at DeVry University locations.

The Stalla CFA review course is taught live in a classroom setting in selected large financial markets around the world and in an online format and self-study CD format to reach potential exam takers not able to attend the classroom course. In the CFA exam preparation market, much like the CPA exam preparation market, Stalla competes with

courses offered by local CFA Society chapters, other training companies, and student self-study.

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STUDENT RECRUITING AND ADMISSION

DeVry University

Direct Recruiting

DeVry University employs approximately 1,200 admissions advisors, not including managers and other administrative staff who support the recruiting process, throughout the United States and Canada. Admissions advisors are salaried, full-time DeVry employees. There are admissions advisors at each DeVry University location who work with potential applicants.

Undergraduate students applying to DeVry University to take courses online are recruited primarily by admissions advisors, either at a DeVry University location if the applicant lives or works in the area, or by a central staff of admissions advisors who are dedicated to serving online applicants. Some applicants to online programs, who are in areas remote from a DeVry University location, including active military personnel on military bases, are recruited by a central staff of admissions advisors.

All graduate school students are recruited by admissions advisors.

Certain states and Canadian provinces require advisors and student recruiters to be licensed or authorized by a particular regulatory agency. Regulations governing student participation in U.S. federal financial assistance programs prohibit schools from paying commissions, bonuses, or incentives to student recruiters based directly or indirectly on the number of students they enroll. DeVry believes that its compensation practices were designed to be in compliance with current regulations.

In May 2008, the U.S. Department of Justice, Civil Division, working with the U.S. Attorney for the Northern District of Illinois, requested that DeVry voluntarily furnish documents and other information regarding its policies and practices with respect to recruiter compensation and performance evaluation. The stated purpose of the request was to examine whether DeVry may have submitted or caused the submission of false claims or false statements to the U.S. Department of Education in violation of the False Claims Act. DeVry made a timely production of documents and continues to offer its full cooperation to the government in carrying out its inquiry. DeVry believes that its compensation practices were designed to be in compliance with current regulations.

Many of our applicants are older working adults who want to attend class in the evening or on weekends, recently unemployed adults seeking to improve their job skills, and students transferring to a DeVry University undergraduate program from nearby community colleges. DeVry University has entered into articulation agreements with community colleges to facilitate the enrollment of their students seeking to transfer course credits to DeVry University. A growing number of new students enrolling in our undergraduate programs have some prior college experience. In addition, military veterans with military-specific technical training are attracted to DeVry University's practical career-oriented education and extensive geographic reach.

Admissions advisors visited more than 7,000 high schools, community colleges, military bases, and other locations in North America last year, making presentations on career choices — particularly in business and technology-related fields — and on the importance of a college education. Participating students complete career surveys, which provide a large and important source of recruiting inquiries. Admissions advisors also receive student inquiries generated by DeVry University's web-site, the Internet, direct mail, television, radio and print advertising. Follow-up interview sessions with prospective students generally take place at a DeVry University location or in the student's home with his or her parents.

DeVry University also recruits students through its Corporate Education Program (“CEP”). The program is designed to meet the education needs of corporate clients and their employees with DeVry University program offerings. A national network of corporate account managers directs its student recruiting efforts primarily at Fortune 1000 companies leveraging relationships with these clients through DeVry University’s career services organization.

#### Marketing and Outreach

To enhance the productivity of our admissions advisors, DeVry University increased its emphasis on local marketing and outreach, recognizing that potential applicants in different market areas can be better recruited by targeted means and messages.

DeVry University currently advertises on various Internet sites, television and radio, in magazines and newspapers, and utilizes telemarketing and direct mail to reach prospective students. During fiscal 2008, we increased efficiency in inquiry generating marketing efforts, focusing on nationally efficient advertising vehicles, including Internet, television and direct mail. We continuously update our marketing programs in order to better communicate the quality of our degree programs and the value of a DeVry University education. In January 2008, DeVry University launched a career-focused brand campaign, entitled “We Major in Careers,” that is grounded in DeVry University’s graduate employment rate that spans more than 30 years. The campaign is a culmination of more than a year’s worth of in-depth consumer, marketplace and brand research. The creative content is based upon “real students / real stories” who provide a testimonial on a DeVry University education and graduate employment success. “We Major in Careers” is an integrated campaign that includes Internet, broadcast and print advertising, as well as direct mail and local marketing efforts.

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DeVry University markets to high school students in several unique ways. For example, since July 2004, we have worked with the Chicago Public School system to create the DeVry Advantage Academy. This program allows high school students with an aptitude for mathematics and technology to complete their junior and senior year of high school coursework at DeVry University's Chicago campus while also taking college-level courses taught by DeVry University faculty. Upon completion, Advantage Academy students will have the opportunity to graduate with both a high school diploma and an associate degree in Network Systems Administration. All tuition, textbooks, and educational materials are paid for by the Chicago Board of Education and DeVry University. This program began with an initial enrollment of 128 students in 2004. From this first class, which graduated in June 2006, approximately 90% earned their high school diploma, and approximately 81% earned their associate degree. In June 2008, a class of 121 students graduated and a class of approximately 100 students will begin in September 2008. DeVry University replicated this model program in conjunction with the Columbus, Ohio School District in July 2006. In June 2008, the Columbus Advantage Academy graduated its first class of 22 students, all of whom are continuing their education, enrolling at colleges and universities across the United States this fall to pursue bachelor's degrees. In July 2008, a class of 24 students will begin. Efforts are underway to launch similar Advantage Academy programs in other metropolitan areas.

Other outreach and recruitment initiatives include weekend SAT preparatory classes for high school seniors, Career Reality workshops to teach students and educators about trends in business and industry, free summer classes for high school students seeking a head start on business and technology college credits, and fellowships for high school and community college faculty and administrators. Another example is HerWorld®, an innovative program designed to encourage and reinforce interest in business and technology careers among high school girls.

### Admissions Standards

To be admitted to a DeVry University undergraduate program in the United States, an applicant must be either a high school graduate, have a General Education Development ("GED") certificate, or hold a degree from a DeVry University-approved postsecondary institution. Applicants for admission must be at least 17 years old and complete an interview with an admissions advisor. In Canada, an applicant must meet either the same criteria as in the United States, or meet alternative "mature student" criteria.

All applicants must meet prescribed admission qualifications and attain minimum placement examination scores, which vary depending on the program. Students can elect to take the Computerized Placement Tests, which were designed in collaboration with The College Board and Educational Testing Service, to assess applicants' achievement levels and developmental needs during the admission process. ACT or SAT examination scores deemed appropriate for the desired program, or acceptable grades in qualifying college-level work completed at an approved postsecondary institution, also can be used to meet undergraduate admission requirements.

After prospective students complete an application, our admissions advisors contact them through phone calls, mailings, and invitations to site-based workshops or other events to improve the rate at which such applicants begin their program of study.

To be admitted to a graduate program, applicants must hold a bachelor's degree from a U.S. institution that is accredited by or is in candidacy status with a regional accrediting agency recognized by the U.S. Department of Education. International applicants must hold a degree recognized to be equivalent to a U.S. baccalaureate degree. Applicants whose undergraduate cumulative grade point average is 2.70 or higher are eligible for admission. Applicants with a cumulative grade point average below 2.70 must achieve acceptable scores on the Graduate Management Admission Test ("GMAT"), the Graduate Record Examination ("GRE") or the Keller-administered alternative admissions test. Admissions decisions are based on evaluation of a candidate's academic credentials, entrance test scores, and a personal interview.

Medical and Healthcare

Ross University

The Ross University School of Medicine and School of Veterinary Medicine focus their marketing efforts on attracting highly qualified, primarily U.S. and Canadian applicants, with the motivation and requisite academic ability to complete their educational programs and to pass the United States Medical Licensing Exam and the North American Veterinary Licensure Examination, respectively. Ross' marketing effort includes direct e-mail marketing, visits to undergraduate campuses to meet students and their pre-med/pre-vet advisors, targeted direct mail campaigns, information seminars in 40 major markets throughout the United States, Canada, and Puerto Rico, alumni referrals, a national undergraduate poster campaign, radio advertisements in select markets, print ads in major magazines, newspapers, as well as college newspapers.

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Ross employs regional admissions representatives in ten cities throughout the U.S. who seek out and pursue student interest in our two programs. Senior Associate Directors of Admissions and Associate Directors of Admission recruit, interview, admit, and enroll all new students to each of our three entering cohorts. Admission requirements include a minimum of 90 earned undergraduate credit hours, though a bachelor's degree is strongly preferred. The successful applicant must have all prerequisite sciences (with labs), mathematics, and English courses as dictated by the admissions committee of both the medical and veterinary schools respectively. All candidates for admission must interview with an associate director at one of our sites in New Jersey, Miami, Providence, Charlotte, Dallas, Los Angeles, Anaheim, Orlando, Denver, Chicago or Ontario, Canada. All admission decisions are made by the admissions committees of the medical and veterinary schools.

### Chamberlain College of Nursing

Chamberlain utilizes varied marketing approaches to generate interest from potential students. Chamberlain recruiters visit Arizona, Illinois, Missouri and Ohio high schools, employ targeted direct mail and Internet campaigns, cultivate alumni referrals, and participate in information seminars and career fairs. Chamberlain holds open house events to attract local prospective students, and advertises in healthcare career publications, in newspapers, and on television and radio. Chamberlain's extensive informational web-site generates nearly one-third of all potential applicant inquiries.

Chamberlain employs regional admissions representatives who arrange for student interviews and campus tours. Admission requirements include a high school diploma or GED; minimum cumulative grade point average requirements vary depending upon the program. Applicants must pass the Chamberlain standard pre-admission exam or obtain a prescribed minimum score on the ACT exam, depending upon the program in which the applicant is interested. Admissions decisions are made by an admissions committee.

### Professional and Training

Becker markets its courses directly to potential students and to selected employers, primarily the large national and regional accounting and financial services firms. Alumni referrals, direct mail, print advertising, electronic mail, and a network of on-campus recruiters at colleges and universities across the country also generate new students for Becker's CPA and CFA review courses. The Becker web-site is another source of information for interested applicants.

Becker delivers its CPA review courses on about 70 college campuses, recruiting students attending that institution. Becker also is the preferred provider of CPA review for several of the country's largest CPA firms.

The CFA exam review course is now offered in an expanded number of classroom locations and online. Dozens of CFA societies, including those in Toronto, Washington D.C., Chicago, Singapore, and Hong Kong, have adopted Stalla as their preferred provider of CFA preparation programs. Also, several prominent investment firms and universities are on the Stalla client roster, further expanding the reach and prominence of the Stalla brand.

## ACCREDITATION

Educational institutions and their individual programs can earn "accreditation" by achieving a level of quality that entitles them to the confidence of the educational community and the public they serve. Accredited institutions are subject to periodic review by accrediting bodies to ensure continued high performance and institutional and program improvement and integrity, and to confirm that accreditation requirements continue to be satisfied.

### DeVry University

Regional accreditation in the United States is a voluntary process designed to promote educational quality and improvement, and is an important strength for DeVry University. Management believes regional accreditation offers DeVry University a significant advantage over most other market-funded colleges. DeVry University has been accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (“HLC”), which is one of the six regional collegiate accrediting agencies in the U.S. College and university administrators depend on the accredited status of an institution when evaluating transfers of credit and applications to their schools; employers rely on the accredited status of an institution when evaluating a candidate’s credentials; and parents and high school counselors look to accreditation for assurance that an institution meets quality educational standards. Moreover, accreditation is necessary for students to qualify for federal financial assistance, and most scholarship commissions restrict their awards to students attending accredited institutions.

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Keller Graduate School of Management was first awarded its accreditation in 1977, and DeVry Institutes was first awarded North Central Association (now HLC) accreditation in 1981. Each school was separately accredited until February 2002, when the North Central Association approved the merger of DeVry Institutes and Keller Graduate School into a single institution with the name DeVry University. After a comprehensive evaluation visit in August 2002, the HLC approved a 10-year re-accreditation for DeVry University. HLC further affirmed that DeVry University can offer, without restriction, any of its programs onsite, online, or through any combination of the two.

In addition to regional accreditation, the baccalaureate electronics engineering technology programs at most of DeVry University's U.S. locations are accredited by the Technology Accreditation Commission of ABET ("TAC of ABET"), an accreditation board for applied science, computing, engineering, and technical educations. Baccalaureate computer engineering technology programs at several DeVry University U.S. locations are also accredited by ABET. The associate level electronics engineering technology program in North Brunswick, New Jersey is also TAC of ABET accredited.

DeVry University campuses will apply for TAC of ABET accreditation for the biomedical engineering technology program, and additional campuses will apply for accreditation of the computer engineering technology program, when their first classes graduate from these programs. Similarly, newer DeVry University campus locations will apply for TAC of ABET accreditation for their eligible programs when their first classes graduate.

The associate degree health information technology programs offered online and at DeVry University locations in Atlanta, Chicago, Columbus, Dallas, Ft. Washington, Houston, and Southern California are accredited by the Commission on Accreditation for Health Informatics and Information Management Education. Additional DeVry campuses are in the process of applying for this accreditation for their programs.

The province of Alberta granted accreditation to DeVry Calgary to confer Bachelor of Technology degrees in 2001 and accreditation to confer Bachelor of Science degrees in 2006. DeVry Calgary is the first and only market-funded institution in Canada to be provincially accredited to grant bachelor's degrees. Through an arrangement with the Alberta Department of Advanced Education, the State of Arizona, and the NCA, the computer engineering technology and network and communications management curricula offered at DeVry Calgary fall under the accreditation of DeVry University (Arizona) as an off-site instructional location. The computer engineering technology and electronics engineering technology programs are accredited by the Canadian Technology Accreditation Board (CTAB).

### Advanced Academics

Advanced Academics is accredited by the North Central Association of Colleges and Schools and the Commission of International and Trans-Regional Accreditation.

### Medical and Healthcare

#### Ross University

The Commonwealth of Dominica authorizes Ross University School of Medicine to confer the Doctor of Medicine degree. The medical school has been recognized and accredited as a University and School of Medicine by the Dominican Medical Board ("DMB"). The National Committee on Foreign Medical Education of the U.S. Department of Education has affirmed that the DMB has established and enforces standards of educational accreditation that are comparable to those promulgated by the U.S. Liaison Committee on Medical Education. In addition, the states of New York, New Jersey, California, and Florida — the only four states to require separate approval for medical schools — have approved or found the Ross Medical program of study to be acceptable.

The Veterinary School has been recognized and accredited as a University and School of Veterinary Medicine by the government of the Federation of St. Christopher and Nevis (“St. Kitts”) and is chartered to confer the Doctor of Veterinary Medicine degree. The Veterinary School is American Veterinary Medical Association (“AVMA”) listed and has affiliations with 22 AVMA-accredited U.S. colleges of veterinary medicine so that Ross students can complete their final three semesters of study in the United States. Only students who graduate from an AVMA-listed school are eligible for U.S. licensure.

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The Veterinary School has undergone a consultative visit from the AVMA Council on Education as a precursor to the University applying to the AVMA for accreditation as an international school. The University has received a site visit report covering the consultative visit from the AVMA Council on Education and is implementing the AVMA's recommendations.

### Chamberlain College of Nursing

Chamberlain College of Nursing is HLC accredited. Both the ASN and BSN programs are approved by the respective State Boards of Nursing of Arizona, Illinois, Missouri and Ohio and accredited by the National League for Nursing Accrediting Commission. The BSN program is also accredited by the Commission on Collegiate Nursing Education.

## APPROVAL AND LICENSING

DeVry needs authorizations from many state or Canadian provincial licensing agencies or ministries to recruit students, operate schools, conduct exam preparation courses, and grant degrees. Generally, the addition of any new program of study or new operating location also requires approval by the appropriate licensing and regulatory agencies. In the United States, each DeVry University and Chamberlain College of Nursing location is approved to grant associate, bachelor's and/or master's degrees by the respective state in which it is located.

Many states and Canadian provinces require market-funded postsecondary education institutions to post surety bonds for licensure. In the United States, DeVry has posted approximately \$19 million of surety bonds with regulatory authorities on behalf of DeVry University, Chamberlain College of Nursing and Becker Professional Review. We have posted CDN \$0.3 million of surety bonds with regulatory agencies in Canada.

Certain states have set standards of financial responsibility that differ from those prescribed by federal regulation. DeVry believes it is in material compliance with state and Canadian provincial regulations. If DeVry were unable to meet the tests of financial responsibility for a specific state, and could not otherwise demonstrate financial responsibility, we could be required to cease operations in that state. To date, DeVry has successfully demonstrated its financial responsibility where required.

## TUITION AND FEES

### DeVry University

Effective with the summer 2008 term, DeVry University's U.S. undergraduate tuition ranges from \$515 to \$560 per credit hour for students enrolling in 1 to 11 credit hours. Tuition ranges from \$310 to \$330 per credit hour for each credit hour in excess of 11 credit hours. These tuition rates vary by location and/or program and represent an expected weighted average increase of approximately 4.3% as compared to the summer 2007 term.

Based upon current tuition rates, a full-time student enrolling in the five-term undergraduate network systems administration program will pay total tuition ranging from \$32,095 to \$33,650. A full-time student enrolled in the eight-term undergraduate business administration program will pay total tuition ranging from \$56,530 to \$59,270, including the application fee and tuition deposit.

Undergraduate tuition rates at DeVry University are below the average tuition at four-year independent institutions, but generally are higher than the average at four-year publicly supported institutions. For the academic year 2007-2008, the average annual tuition and fees at four-year private schools was reported by the College Board to be \$23,712, an increase of 6.3% from last year. The average annual tuition and fees at four-year publicly supported institutions increased 6.6% from last year to \$6,185, and two-year publicly supported institutions reportedly increased

their tuition by 4.2% to \$2,361 per year. While these increases were significantly lower than the double-digit increases in the recent past, they continue to increase faster than the rate of inflation.

Effective with the July 2008 term, Keller Graduate School of Management program tuition per classroom course (four quarter credit hours) ranges from \$1,845 to \$2,100, depending on location. This represents an expected weighted average increase of 3.1%. The price for a graduate course taken online is \$2,100, compared to \$2,050 previously.

If a student leaves school before completing a term, federal, state, and Canadian provincial regulations and accreditation criteria permit schools to retain a set percentage of the total tuition received. This amount varies with, but generally equals or exceeds, the percentage of the term the student completes. Excess amounts are refunded to the student or the appropriate financial aid funding source.

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In addition to the tuition amounts described above, undergraduate students at DeVry University incur technology charges each semester that vary depending upon their location and enrollment status. Some DeVry University programs, including the computer information systems and electronics and computer technology programs, require students to purchase a laptop computer at some locations. Students also must purchase their own textbooks, electronic course materials and supplies.

### Medical and Healthcare

#### Ross University

Effective September 2008, tuition and fees for the beginning basic sciences portion of the programs at the medical and veterinary schools are \$13,650 per semester. This tuition rate represents an increase from September 2007 tuition rates of approximately 5.4%. Tuition and fees for the final clinical portion of the programs are \$15,000 per semester for the medical school, and \$17,150 per semester for the veterinary school. These amounts do not include the cost of books, supplies, transportation or living expenses.

DeVry believes that Ross University's tuition is at the middle of the range among private medical and veterinary schools, but approximately equal to or higher than tuition in publicly supported medical and veterinary schools. Tuition rates at most medical and veterinary schools, including Ross University, have increased every year, and management believes rates will continue to increase.

#### Chamberlain College of Nursing

Tuition for the 2008-2009 academic year is \$546 per credit hour. Students enrolled on a full-time basis (between 12 and 17 credit hours) are charged a flat tuition amount of \$6,552 per semester. This represents an increase from 2007-2008 academic year tuition rates of approximately 5%. These amounts do not include the cost of books, supplies, transportation, living expenses, or other fees.

DeVry believes that Chamberlain's tuition is in the middle of the range among private nursing schools, but equal to or higher than tuition in publicly supported schools. Tuition rates at most nursing schools have increased every year, and management believes they will continue to increase.

### Professional and Training

The price of the complete classroom Becker CPA review course is \$2,825. The complete CPA review course on CD-ROM and the complete online review course are the same price. Exam candidates may elect to enroll for individual sections of the exam review course at a price of \$910 per section. Becker offers discounts from these tuition rates under various enrollment promotions at college campuses and for students employed by participating accounting firms.

The current list price for the CFA exam course ranges from \$1,190 to \$1,490, and Stalla offers various promotional program discounts.

## FINANCIAL AID AND FINANCING STUDENT EDUCATION

Students attending DeVry University, Ross University and Chamberlain College of Nursing finance their education through a variety of sources, including government-sponsored financial aid, private and university-provided scholarships, employer-provided tuition assistance, veteran's benefits, private loans and cash payments. Students attending the Becker CPA or Stalla CFA review courses are not eligible for federal or state financial aid, but many

receive partial or full tuition reimbursement from their employers.

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The following table summarizes DeVry's cash receipts from tuition payments by fund source as a percentage of total revenue for the fiscal year ended June 30, 2007. Final data for fiscal year 2008 is not yet complete.

Title IV Program Funding:	
Grants and Loans	64%
Federal Work Study	1%
Total Title IV Program Funding	65%
State Grants	3%
Private Loans	6%
Student accounts, cash payments, private scholarships, employer provided tuition assistance and other	26%
Total	100%

DeVry University assists its undergraduate students in locating part-time employment to supplement their incomes and help finance their education. Data from the National Center for Education Statistics indicates that almost half of all full-time college students between the ages of 18 and 24 are employed, but we believe the employment rate among DeVry University full-time undergraduate students is higher.

All financial aid and assistance programs are subject to political and governmental budgetary considerations. In the United States, the Higher Education Act ("HEA") guides the federal government's support of postsecondary education. The HEA was reauthorized by the United States Congress on July 30, 2008, and was signed into law by the President on August 14, 2008.

#### Information about Particular Government Financial Aid Programs

DeVry University, Chamberlain College of Nursing and Ross University students participate in many U.S. and Canadian financial aid programs. Each of these programs is briefly described below.

#### United States federal financial aid programs

Students in the United States rely on three types of U.S. Department of Education financial aid programs under Title IV of the Higher Education Act.

1. Grants. Students in DeVry University's undergraduate degree granting programs may participate in the Pell, Federal Supplemental Education Opportunity Grant, National Science and Mathematics Access to Retain Talent Grant and the Academic Competitiveness Grant. Students in Chamberlain College of Nursing's undergraduate degree programs may participate in the Pell, Federal Supplemental Education Opportunity and Academic Competitiveness grant programs.

~~Federal Pell grants.~~ These funds, available to all eligible undergraduate students who demonstrate financial need, do not have to be repaid. For the 2008-2009 school year, eligible students can receive Pell grants ranging from \$400 to \$4,731.

~~Federal Supplemental Educational Opportunity Grant ("FSEOG").~~ This is a supplement to the Pell grant, and is only available to the neediest undergraduate students. Federal rules restrict the amount of FSEOG funds that may go to a single institution. The maximum individual FSEOG award is \$4,000 per academic year, and educational institutions are required to supplement that amount with a 25% matching contribution. Institutional matching contributions may be satisfied, in whole or in part, by state grants, scholarship funds (discussed below) or by externally provided

scholarship grants.

National Science and Mathematics Access to Retain Talent Grant (“SMART”). New in 2006-2007, this grant was authorized by Congress to stimulate enrollment in certain critical and strategic subject areas, including science, mathematics, certain engineering programs and foreign languages. Most of DeVry’s undergraduate programs qualify as an eligible program of study. The awards are restricted to Pell-eligible juniors and seniors who achieve and maintain a 3.0 cumulative grade point average. The awards are \$4,000 per academic year.

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~~A~~cademic Competitiveness Grant (“ACG”). New in 2006-2007, this grant was authorized by Congress to stimulate enrollment in rigorous secondary courses of study. The awards are restricted to Pell-eligible students in their first or second year of post-secondary degree-seeking studies who have completed a rigorous secondary course of study. Rigorous courses of study are defined by State Education Authorities. Award amounts are \$750 for students in their first year of study and \$1,300 for students in their second year of study. Students in their second year of study must have attained a 3.0 cumulative grade point average.

2. Loans. DeVry University, Chamberlain College of Nursing and Ross University students participate in the Stafford and PLUS programs within the Federal Family Education Loan Program (“FFELP”). DeVry University undergraduate students may participate in the Federal Perkins Direct Student Loan Program.

~~S~~ubsidized Stafford loan: awarded on the basis of student financial need, it is a low-interest loan with interest charges and principal repayment delayed until six months after a student no longer attends school on at least a half-time basis. Loan limits per academic year range from \$3,500 for students in their first academic year to \$5,500 for students in their third or higher academic year, increasing to \$8,500 per academic year for graduate students.

~~U~~nsubsidized Stafford loan: awarded to students who do not meet the needs test or as an additional supplement to the subsidized Stafford loan for independent students. These loans incur interest from the time funds are disbursed, but actual interest payments may be deferred until the principal payments begin. Unsubsidized loan limits per academic year range from \$6,000 for students in their first academic year to \$7,000 in later years, increasing to \$12,000 per academic year for graduate and professional program students. Total Stafford Loan limit is \$20,500 per academic year, with a \$138,500 Stafford Loan aggregate borrowing limit that includes Stafford Loan amounts borrowed as an undergraduate. Of the \$20,500 in academic year borrowings, no more than \$8,500 may be in subsidized loans.

~~P~~LUS loan: enables a graduate student or parents of a dependant undergraduate student to borrow additional funds to meet the cost of the student’s education. These loans are not based on financial need, nor are they subsidized. Interest begins to accrue, and repayment obligations begin, immediately after the loan is fully disbursed. Graduate students and parents may also borrow funds through the Federal Graduate PLUS program up to the cost of attendance which includes allowances for tuition, fees and living expenses.

~~F~~ederal Perkins loan: is a low-interest loan available only to those students who demonstrate exceptional financial need. Perkins loans are available up to a maximum of \$4,000 per award year. Ongoing funding for this program is provided from collections on loans issued in previous years. When students repay principal and interest on these loans, that money goes to the pool of funds available for future loans to students at the same institution.

3. Federal work-study. This program offers work opportunities, both on or off campus, on a part-time basis to undergraduate students who demonstrate financial need. Work-study wages are paid partly from federal funds and partly from qualified employer funds.

A U.S. Department of Education regulation known as the “90/10 Rule” affects only proprietary postsecondary institutions, such as DeVry University, Ross University and Chamberlain. Under this regulation, an institution that derives more than 90% of its revenues from federal financial assistance programs in any year may not participate in these programs for the following year. The following table details the percent of revenue from federal financial assistance programs for each of DeVry’s Title IV eligible institutions. Final data for fiscal 2008 is not yet complete.

	Fiscal Year	
	2007	2006

DeVry University:

Undergraduate	70%	75%
Graduate	65%	60%
Ross University	80%	63%
Chamberlain College of Nursing	70%	35%

Ross University's percent of revenue from federal financial assistance programs increased from 63% in fiscal year 2006 to 80% in fiscal year 2007 primarily due to introduction of the Graduate Plus loan program during 2007. Chamberlain College of Nursing's percent of revenue from federal financial assistance programs increased from 35% in fiscal year 2006 to 70% in fiscal year 2007 due to growing student enrollments and enhanced financial aid packaging.

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State financial aid programs

Several states, including Arizona, California, Colorado, Florida, Georgia, Illinois, Kentucky, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Vermont offer state grant and loan assistance to eligible undergraduate students.

Private Loan Programs

Some DeVry University, Chamberlain College of Nursing and Ross University students rely on private (nonfederal) loan programs for financial assistance. These programs are used to finance the gap between a student's educational and living costs and their financial aid awards. The amount of the typical loan varies significantly according to the student's enrollment and financial aid awards. The average borrowing for DeVry University students participating in these programs is less than \$9,000 per year. DeVry estimates that approximately one-half of the borrowings under private loan programs are used by students to pay for non-educational expenses, such as room and board.

Prior to 2006, Ross University students relied heavily on private loan programs to meet the gap between tuition and Stafford loan eligibility as well as to meet living costs. Legislation introduced in February 2006 expanded the parent loan program (PLUS) eligibility to graduate students. This lower-cost, non-credit based program is now used in place of private loan programs for most U.S. citizens and permanent residents.

Some Ross students also borrow under private loan programs to pay the portion of their tuition that exceeds federal loan limits, as well as to meet living expenses while they are in school. Ross University also offers a limited number of full tuition scholarships to eligible students.

Most private loans are approved using the student or co-borrower's credit history. The cost of these loans varies, but in almost all cases will be more costly than the federal programs. The application process is separate from the traditional financial aid process. Student finance personnel at DeVry's degree granting institutions coordinate these processes to assure that all students receive assistance from the federal and state programs first. A small percentage of these loans were issued from opportunity or school-backed pools. Opportunity pools were made available to students with little or no credit history or some adverse credit history, who otherwise would not qualify for a private loan. School-backed programs typically contain an up-front cost-sharing component or a recourse provision for defaulted loans. Less than 3% of the total private loans to DeVry University's students were made under a school-backed program and, while it participates in certain cost sharing programs, DeVry University has no current agreement with a recourse provision or opportunity pools.

DeVry maintains a recommended lender list as a service to students, and selects the lenders through open and competitive requests for proposals. The recommended list helps students sort through an array of loan offers they may receive from scores of lenders. DeVry develops the list of recommended lenders based on their ability to provide services including the following:

- Competitive rates and terms for students;
- Access to and reliable delivery of both federal and private funds; and
- High-quality customer service to borrowers.

DeVry absorbs any costs related to employees who sit on lender advisory boards, attend any lender-sponsored training, or receive any lender-sponsored services. DeVry does not accept any referral or marketing fees from lenders.

Tax-favored programs

The United States has a number of tax-favored programs aimed at promoting savings for future college expenses. These include state-sponsored “529” college savings plans, state-sponsored prepaid tuition plans, education savings accounts (formerly known as education IRAs), custodial accounts for minors, Hope and Lifetime Learning credits, and tax deductions for interest on student loans.

Canadian government financial aid programs

Undergraduate students who are Canadian citizens or permanent residents of Canada (other than students from Quebec) are eligible for loans under the Canada Student Loan Plan, which is financed by the Canadian government but administered at the provincial level. Canadian undergraduate students attending the DeVry University Calgary campus may also be eligible for provincial student loans. Eligibility and amount of funding vary by province. The loans are interest-free while the student is in school, and repayment begins six months after the student leaves school. Qualified students also may benefit from Canada Study Grants (designed for students whose financial needs and special circumstances cannot otherwise be met), tax-free withdrawals from retirement savings plans, tax-free education savings plans, loan repayment extensions, and interest relief on loans.

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### DeVry-Provided Financial Assistance

DeVry University's EDUCARD® Plan is available to its U.S.-based undergraduate students; a similar option is available at the Calgary, Canada campus. The EDUCARD® Plan is a proprietary loan program designed to assist students who are unable to completely cover educational costs by other means. EDUCARD® proprietary loans may be used only for tuition, books, and fees, and are available only after all other student financial assistance has been applied toward those purposes. Repayment plans for EDUCARD® Plan balances are developed to address the financial circumstances of the particular student. Under the deferred payment plan, certain students can arrange to defer all payments on all charges for twelve weeks when the full amount is due. Interest charges accrue each month on the unpaid balance. Under the revolving loan plan, amounts owed by current students are subject to a monthly interest charge of one percent of the average outstanding balance. After a student leaves school, the student typically will have a monthly installment repayment plan with all balances due within 12 to 24 months. During July 2008, DeVry University expanded its EDUCARD® Plan to allow students to extend the installment repayment plan up to 60 months after leaving school.

The remaining gross receivable balance under DeVry University's EDUCARD® Plan for current and former U.S. undergraduate students at June 30, 2008, was approximately \$44.8 million, compared to approximately \$46.2 million last year. The lower undergraduate receivable balance was primarily the result of an improvement in the timeliness of receivable collections as compared to the prior year period.

DeVry University undergraduate students also are eligible for numerous scholarships. Scholarship programs generally are designed to attract recent high school graduates and students enrolled at community colleges, with awards that range from \$1,000 per term up to the amount of full tuition. DeVry University has also provided funds in the form of institutional grants to help those students most in need of financial assistance.

Keller graduate students may choose from several deferred tuition payment plans. Students eligible for tuition reimbursement plans may have their tuition billed directly to their employers or payment deferred until after the end of the session. Educational expenses paid by an employer on behalf of an employee generally are excludable from the employee's income if provided under a qualified educational assistance plan. At present, the maximum annual exclusion is \$5,250.

### Professional and Training

Students attending the Becker CPA or Stalla CFA review courses are not eligible for federal or state financial aid, but many receive partial or full tuition reimbursement from their employers. Private loans are also available to students to help meet the program costs.

### Compliance with Legislative and Regulatory Requirements

Extensive and complex regulations in the United States and Canada govern all the government grant, loan, and work study programs in which DeVry University, Ross University and Chamberlain College of Nursing and their respective students participate. DeVry must comply with many rules and standards, including maximum student loan default rates, limits on the proportion of its revenue that can be derived from federal aid programs, prohibitions on certain types of incentive payments to student recruiters and financial aid officers, standards of financial responsibility, and administrative capability requirements. Like any other educational institution, DeVry's administration of these programs is periodically reviewed by various regulatory agencies and is subject to audit or investigation by other governmental authorities. Any violation could be the basis for penalties or other disciplinary action, including initiation of a suspension, limitation or termination proceeding. Previous Department of Education and state regulatory agency program reviews have not resulted in significant findings or adjustments against DeVry.

The financial responsibility test for continued participation by an institution's students in federal financial assistance programs is based upon a composite score of three ratios: an equity ratio that measures the institution's capital resources; a primary reserve ratio that measures an institution's ability to fund its operations from current resources; and a net income ratio that measures an institution's ability to operate profitably. A minimum score of 1.5 is necessary to meet the Department of Education's financial standards.



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For the past several years, DeVry's composite score has exceeded the required minimum of 1.5. Management believes it will continue to demonstrate the required level of financial stability. If DeVry were unable to meet requisite financial responsibility standards or otherwise demonstrate, within the regulations, its ability to continue to provide educational services, then DeVry could be required to post a letter of credit to enable its students to continue to participate in federal financial assistance programs.

Institutions that participate in U.S. federal financial aid programs must disclose information upon request about undergraduate student "completion rates" to current and prospective students. The federal Student-Right-To-Know Act defines the cohort of students on which the institution must report as "first-time, full-time, degree-seeking" students who enter the fall term. Completion rates calculated in accordance with the statute for each of DeVry University's U.S. undergraduate campuses generally fall within the range of completion rates at selected four-year urban public colleges in the areas in which its campuses are located. However, its overall completion rate actually is higher than reported in these statistics: many DeVry University students have previously attended other colleges (and completion rates for undergraduate students entering with previous college experience generally are higher than for first-time students), but these students are not included in the completion rate statistics that are defined by the Student-Right-To-Know Act. In an effort to improve our completion rates as defined by the statute, DeVry University has changed undergraduate admission requirements and added student support services. For the 2001 freshman student cohorts (the latest period for which final completion statistics are available), the graduation rate for DeVry University U.S. undergraduates was 31.1% as compared to the 2000 rate of 34.1%.

Specialized staff at DeVry's Oakbrook Terrace, Illinois headquarters reviews, interprets, and establishes procedures for compliance with regulations governing financial assistance programs and processes financial aid applications. Because financial assistance programs are required to be administered in accordance with the standard of care and diligence of a fiduciary, any regulatory violation could be the basis for disciplinary action, including the initiation of a suspension, limitation, or termination proceeding.

In the United States, DeVry University, Chamberlain College of Nursing and Ross University have completed and submitted all required audits of compliance with federal financial assistance programs for fiscal 2007. DeVry's independent public accountants are currently conducting the required audits of the one-year period ended June 30, 2008. In conjunction with previously filed financial aid audit reports, DeVry University has been required to post letters of credit. As of August 2008, there were approximately \$2.8 million in letters of credit outstanding relating to participation in federal financial aid assistance programs. These letters of credit expire in less than one year. No amount has ever been drawn under these letters of credit issued on behalf of DeVry.

As a part of its effort to monitor the administration of student financial assistance programs, the U.S. Department of Education and state grant agencies may conduct site visits and program reviews at any educational institution at any time. Reviews at several DeVry campuses have not resulted in any adverse material findings or adjustments. If a proceeding were initiated and caused the Department of Education to substantially curtail DeVry's participation in government grant or loan programs, DeVry's enrollments, revenues and accounts receivable could be all adversely affected.

In May 2008, the U.S. Department of Justice, Civil Division, working with the U.S. Attorney for the Northern District of Illinois, requested that DeVry voluntarily furnish documents and other information regarding its policies and practices with respect to recruiter compensation and performance evaluation. The stated purpose of the request was to examine whether DeVry may have submitted or caused the submission of false claims or false statements to the U.S. Department of Education in violation of the False Claims Act. DeVry made a timely production of documents and continues to offer its full cooperation to the government in carrying out its inquiry. DeVry believes that its compensation practices were designed to be in compliance with current regulations.

In addition to the requirements that educational institutions must meet, student recipients of financial aid must maintain satisfactory academic progress toward completion of their program of study and an appropriate grade point average.

#### STUDENT LOAN DEFAULTS

The U.S. Department of Education has instituted strict regulations that penalize institutions whose students have high default rates on federal student loans. For a variety of reasons, high default rates are most often found in proprietary institutions and community colleges — all of which tend to have a higher percentage of low income students enrolled than do four-year publicly supported and independent colleges and universities.

Educational institutions are penalized to varying degrees under the Federal Family Education Loan Program or the William D. Ford Federal Direct Student Loan Program, depending on the default rate for the “cohort” defined in the statute. An institution with a cohort default rate that exceeds 20% for the year is required to develop a plan to reduce defaults, but the institution’s operations and its students’ ability to utilize student loans are not restricted. An institution with a cohort default rate of 25% or more for three consecutive years is ineligible to participate in these loan programs and cannot offer student loans administered by the U.S. Department of Education for the fiscal year in which the ineligibility determination is made and for the next two fiscal years. Students attending an institution whose cohort default rate has exceeded 25% for three consecutive years also are ineligible for Pell grants. Any institution with a cohort default rate of 40% or more in any year is subject to immediate limitation, suspension, or termination proceedings from all federal aid programs. DeVry carefully monitors students’ loan default rate, and has never had a cohort default rate of 25% or more for three consecutive years, or of 40% or more in any one year. We are not subject to any restriction or termination under any student loan program.

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According to the U.S. Department of Education, the cohort default rate for all colleges and universities eligible for federal financial aid decreased from 5.1% in fiscal year 2004 to 4.6% for fiscal year 2005 (the latest period for which data is available).

Default rates for DeVry University, Chamberlain College of Nursing and Ross University students follow. The latest period for which data is available is 2005.

	Cohort Default Rate		
	2005	2004	2003
DeVry University - Federal Family Education Loan Program	6.1%	6.5%	5.7%
DeVry University – Federal Perkins Loan Program	6.9%	8.5%	11.7%
DeVry University – Graduate Programs	1.7%	2.3%	2.0%
Ross University – Medical School	0.0%	0.2%	0.1%
Ross University – Veterinary School	0.1%	0.4%	0.0%
Chamberlain College of Nursing	0.5%	0.7%	0.0%

Under the Federal Perkins loan program, the institution is responsible for collecting outstanding loans. Any institution with a Perkins loan cohort default rate exceeding 15% must establish a default reduction plan. DeVry has worked to reduce the default rate by implementing student counseling and additional collection efforts and retaining outside loan service agencies.

**CAREER SERVICES**

DeVry University believes that the employment of its graduates is essential to its ability to attract and retain students. Career services professionals located at DeVry University undergraduate campuses work with students to choose careers, craft resumes, and prepare for job interviews. The staff also maintains contact with local and national employers to proactively identify job opportunities and arrange interviews. In many cases, company hiring representatives conduct interviews at DeVry University campuses.

DeVry University attempts to gather accurate data to determine how many of its undergraduates, both at the associate and bachelor's degree levels, are employed in positions related to their program of study within six months following graduation. To a large extent, the reliability of such data depends on the quality of information that graduates self-report.

In the ten-year period ending October 2007, our U.S. campuses graduated more than 67,000 students who were eligible for career services assistance (this excludes graduates who continued their education, students from foreign countries not legally eligible to work in the United States, and other categories of students who were not available for employment). More than 57,000 graduates during this ten-year period actively pursued employment or were already employed; 90% of those held positions related to their program of study within six months of graduation.

For the three undergraduate classes that ended in calendar year 2007, there were 6,692 graduates from DeVry University's U.S. undergraduate degree and diploma programs eligible for career service assistance, excluding the one-year post-baccalaureate information technology program (this excludes students continuing their education, students from foreign countries legally ineligible to work in the United States, and others ineligible for employment). From that pool of graduates, 6,012 actively pursued employment or were already employed. Within six months of graduation, 5,578, or 92.8% of those graduates were employed in positions related to their program of study. This compares to 91.9% who were employed in positions related to their program of study for the three classes that ended

in calendar year 2006, and 88.1% who were employed in positions related to their program of study for the three classes that ended in calendar year 2005.

DeVry University believes that a significant number of graduating students currently employed in positions not directly related to their program of study have chosen to not actively seek other employment opportunities. For the three graduating classes in calendar year 2007, there were 469 graduates who were employed but not in positions related to their program of study. Of these individuals, 74% did not conduct an active employment search through DeVry University's career services offices.

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DeVry University's 2007 graduates (undergraduate programs) achieved reported annual compensation ranging from \$30,236 to \$48,465 with an average salary of \$43,365. Individual compensation levels vary depending upon the graduate's previous employment experience, program of study, and geographic area of employment.

DeVry University's Calgary campus graduated more than 2,700 students during the past decade who were eligible for career services assistance. For the ten-year period ended October 2007, more than 84% of those graduates who actively pursued employment or who were already employed when they graduated held positions related to their program of study within six months of graduation. For the three classes that ended in calendar year 2007, more than 80% of the Calgary graduates who actively pursued employment secured jobs or were already employed in positions related to their program of study within six months of graduation. This includes students who received diplomas, those who received bachelor's degrees through the DeVry University Phoenix degree completion program in Calgary or bachelor's degrees awarded under the authority of the Government of Alberta, and those students who completed their degree requirements at a DeVry University U.S. campus, but does not include graduates of the one-year information technology program.

DeVry University believes that no single employer has hired more than 5% of our graduates in recent years. Major employers of DeVry undergraduates include Abbott Laboratories, Accenture, Boeing, Discover, Federal Express, GE Healthcare, Hewlett-Packard, IBM, Intel, Motorola, Northrop Grumman, Schlumberger, Siemens, and UPS.

Management considers its career services commitment an important element of its service to students. Over the past several years, DeVry University developed and implemented a student national job database, which allows students to log into one site to view, apply for, and learn more about job leads appropriate to their experience and education level. For the upcoming year, this database will be further expanded for employer use. In addition, management developed a preferred employer program. This program provides an avenue for businesses to easily partner with DeVry in areas such as career services, curriculum development, and continued employee education.

**SEASONALITY**

Our quarterly revenue and net income fluctuate primarily as a result of the pattern of student enrollments. Generally, the schools' highest enrollment and revenues typically occur in the fall, which corresponds to the second and third quarters of DeVry's fiscal year. Enrollment is slightly lower in the spring, and the lowest enrollment generally occurs during the summer months. Becker's seasonal pattern is somewhat less pronounced as the CPA exam is offered eight times during the year. DeVry's operating costs do not fluctuate as significantly on a quarterly basis.

Results of operations reflect both this seasonal enrollment pattern and the pattern of student recruiting activity costs that precede the start of every term. Revenues, operating income, and net income by quarter for each of the past two fiscal years are included in Note 17 to the Consolidated Financial Statements, "Quarterly Financial Data."

**EMPLOYEES**

As of June 30, 2008, DeVry had the following number of employees:

	Faculty and Staff		Part-time Student	Total
	Full-time	Part-time	Employees	
DeVry University	4,761	87	517	5,365
	88	9	--	97

Advanced Academics, Inc. Ross University	668	23	--	691
Chamberlain College of Nursing	102	3	--	105
Becker Professional Review	158	20	--	178
Home office staff	307	12	--	319
Total	6,084	154	517	6,755

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DeVry also utilizes independent contractors who teach as adjunct faculty and instructors. These independent contractors are not included in the above table. DeVry believes that its relationship with its employees is satisfactory. The only employees represented by a union are approximately 200 administrative and support employees of Ross University's medical school campus in Dominica. These employees are covered by a collective bargaining agreement with a local union.

### DeVry University

Each DeVry University campus is managed by a president or campus dean and has a staff of academic deans, faculty and academic support staff, career service and student service personnel, and other professionals. Each campus also has an admissions director, who reports to a central organization responsible for new student recruiting. Each DeVry University center is managed by a center dean and has admissions representatives and appropriate academic and administrative support staff. Group vice presidents of operations oversee the campuses and centers in geographically defined areas.

Each DeVry University campus president hires academic deans and faculty members in accordance with internal criteria, accrediting standards, and applicable state law. More than 85% of our full-time undergraduate faculty members hold advanced academic degrees, and most faculty members teaching in technical areas have related industry experience. DeVry University offers sabbatical and other leave programs to allow faculty to engage in developmental projects or consulting opportunities so they can maintain and enhance their currency and teaching skills.

In addition to its regular faculty, DeVry University engages adjunct and visiting faculty — especially in the evening programs and at DeVry University Online — who teach on a part-time basis while continuing to work in their technical field or specialty.

Graduate program faculty members are primarily practicing business professionals who are engaged to teach on a course-by-course basis. We offer a multi-session course to train and develop new faculty throughout Keller's national system. To support its practitioner faculty, DeVry University employs a core of academically and professionally qualified staff that includes curriculum managers and program directors. Over the past several years, graduate school courses have been taught selectively by full-time faculty to respond to student demand in areas of rapidly growing enrollment and to meet licensing approval requirements in certain states. Less than 10% of our graduate instructors, excluding non-faculty employees who teach courses on an occasional basis, are employed on a full-time basis.

DeVry University faculty members have teaching schedules that may include both day and evening classes. Some faculty may teach both graduate and undergraduate courses, depending upon their qualifications and the demand at specific locations or for specific courses.

Faculty members are evaluated periodically based on student comments and observations by an academic dean. DeVry University does not offer tenure.

### Advanced Academics

Nearly all of Advanced Academics' employees work at its home office located in Oklahoma City, Oklahoma. The staff includes state certified high school teachers, high school counselors, student service, curriculum development, information technology, student recruiting, finance and administrative personnel.

### Medical and Healthcare

Ross University

The Ross University School of Medicine and School of Veterinary Medicine are managed by deans with appropriate department chairs and course directors to oversee the educational operations. In addition, each campus has student services staff to assist with financial aid, housing, and other student-related matters. The campuses are supported by Dominica Management, Inc., a central administrative staff, located in North Brunswick, New Jersey, and Miami, Florida.

Each medical school faculty member has a Ph.D. or an M.D. degree or both. The full-time faculty is supplemented by visiting or part-time instructors who are engaged to lecture on very specialized or emerging subjects. Each veterinary faculty member has either a Ph.D. or D.V.M. degree or both. Ross University faculty members are not tenured.



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### Chamberlain College of Nursing

Chamberlain College of Nursing campuses are managed by campus deans. The dean is supported by a national director of nursing programs and program coordinators who are responsible for standardized delivery of curricula on each campus. Student services staff is available to assist campus and online students with admissions, financial aid, housing, and other aspects of student life. Administration of the Chamberlain online program offerings is supported, in part, by staff at DeVry Online. The campuses and online program offerings are supported by a central administrative/management staff located in Addison, Illinois.

In general, Chamberlain College of Nursing faculty members have a Master of Science in Nursing, and several have a Ph.D. Those faculty without a master's degree are enrolled in a graduate program in nursing. General education courses in the St. Louis nursing program are taught by faculty at a nearby university. General education courses on the Columbus, Addison and Phoenix campuses are taught by DeVry University faculty. Chamberlain faculty members are not tenured.

### Professional and Training

Becker Professional Review is managed by a staff based primarily in Oakbrook Terrace that supports its operations. Certain regional operations, as well as some other functions such as curriculum development, are managed and located throughout the United States and Canada. Becker's faculty consists primarily of practicing professionals and university professors who teach the review courses on a part-time, course-by-course basis.

### Home Office Staff

Staff at DeVry's Oakbrook Terrace, Illinois, home office supports the employees for all of DeVry's educational programs and locations by providing a broad range of services. Among the centrally-provided support services are curriculum development, academic management, licensing and accreditation, marketing and recruiting management, computer services, financial aid processing, regulatory compliance, internal audit, legal, tax, payroll, and finance and accounting.

## TRADEMARKS AND SERVICE MARKS

DeVry owns and uses numerous trademarks and service marks, such as "DeVry," "DeVry University," "Keller Graduate School of Management," "Advanced Academics," "Becker CPA Review," "Ross University," "Chamberlain," "EDUCARD" and variants thereof. All trademarks, service marks, and copyright registrations associated with its businesses are registered in the name of a subsidiary of DeVry Inc.. Copyright registrations expire over various periods of time. DeVry vigorously defends against infringements of its trademarks, service marks, and copyrights.

## ADDITIONAL INFORMATION

DeVry's Web site is at <http://www.devryinc.com>.

Through its Web site, DeVry offers (free of charge) the Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) as soon as reasonably practicable after it electronically files such material with, or furnishes such material to, the SEC. The Web site also includes copies of the following:

DeVry Corporate Governance Principles

Policy for Communication with Directors

Policy for Communicating Allegations Related to Accounting Complaints

Director Nominating Process

Code of Business Conduct and Ethics

Academic Committee Charter

Audit Committee Charter

Compensation Committee Charter

Finance Committee Charter

Governance Committee Charter

Information contained on the Web site is not incorporated by reference into this report.

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Copies of the DeVry's filings with the SEC and the above-listed policies and charters also may be obtained by written request to the Director of Investor Relations at DeVry's executive offices. In addition, DeVry's filings with the SEC can be read or copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a Web site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC; the Web site address is at <http://www.sec.gov>.

ITEM 1A — RISK FACTORS

DeVry's business operations are subject to numerous risks and uncertainties that could materially and adversely affect DeVry's business, results of operations and financial condition. Some of these are described below. Because of their very nature, management cannot predict all the possible risks and uncertainties that may arise. Risks and uncertainties that may affect DeVry's business include, but are not limited to:

Risks Related to DeVry's Highly Regulated Industry

DeVry is subject to risks relating to regulatory matters. If DeVry fails to comply with the extensive regulatory requirements for its business, DeVry could face fines and penalties, including loss of access to federal and state student loans for our students.

DeVry University, Ross University, or Chamberlain College of Nursing may be unable or otherwise fail to comply with state and federal regulatory requirements relating to financial aid program administration, causing their students to lose financial aid eligibility or causing one or more of DeVry's schools to lose authorization to operate.

DeVry could lose or suffer limitations in accreditations and licensing approvals that could affect its ability to recruit students, operate schools in some locations, and grant degrees.

Unforeseen changes to laws or regulations governing DeVry's operations may adversely affect current operations or future growth opportunities.

DeVry is subject to risks relating to financial aid and student finance. A substantial decrease in student financing options, or a significant increase in financing costs for DeVry students, could have a material adverse affect on DeVry's student enrollment and financial results.

DeVry's students are highly dependent on government-funded financial aid programs. If there are changes to financial aid program regulations that restrict student eligibility or reduce funding levels, DeVry's enrollment and/or collection of student billings may suffer, causing revenues to decline. Conversely, increases in state funding levels to taxpayer-supported educational institutions could generate further price competition that adversely affects DeVry's ability to recruit and retain students.

Changes in tax laws or reduced corporate earnings both could affect corporate educational benefit plans. If employers reduce tuition reimbursement amounts, working students may be less likely to enroll in a DeVry program, causing enrollment and revenues to decline.

Risks Related to DeVry's Business

DeVry is subject to risks relating to enrollment of students. If DeVry is not able to continue to successfully recruit and retain its students, it will not be able to sustain its recent revenue growth rate.

DeVry's undergraduate and graduate educational programs are concentrated in selected areas of technology, healthcare and business. If applicant career interests shift away from these fields, and we do not anticipate or adequately respond to that trend, future enrollment and revenue may decline.

If employment opportunities for DeVry graduates in fields related to their educational programs decline, future enrollment and revenue may decline as potential applicants choose to enroll at other educational institutions offering different courses of study.

DeVry may experience increased competition from other educational institutions in recruiting new students and retaining students already enrolled, causing enrollment and revenues to decline.

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DeVry is subject to risks relating to operating matters, which could have a material adverse affect on DeVry's financial results.

If other educational institutions reduce their price of tuition, a DeVry education could become less attractive to prospective students. In addition, DeVry may be unable, for competitive reasons, to maintain and increase tuition rates in the future, adversely affecting future revenues and earnings.

DeVry may be unable to hire and retain key employees with appropriate educational qualifications and experience, causing DeVry to incur higher wage expense and/or provide less student support and customer service which could adversely affect enrollment, revenues and expense.

The performance and reliability of DeVry's computer networks and system applications, especially its online educational platforms and student operational and financial aid packaging applications, are critical to DeVry's reputation and ability to attract and retain students. System errors and/or failures could adversely impact DeVry's delivery of educational content to its online students. In addition, system errors could result in delays and/or errors in processing student financial aid and related disbursements.

Unauthorized access to DeVry's computer networks — either administrative networks or those supporting educational programs — could interrupt operations and may result in loss or misuse of student and other critical data, causing disruption to operations, compromising confidential information and causing attendant risks, including reputation therefrom and increasing expense.

DeVry may experience business interruptions resulting from natural disasters, inclement weather, transit disruptions, or other events in one or more of the geographic areas in which it operates, particularly in the West Coast and Gulf States of the U.S. and in the Caribbean. These events could cause DeVry to close schools — temporarily or permanently — and could affect student recruiting opportunities in those locations, causing enrollment and revenues to decline.

Some of these risks and uncertainties are described more fully in this annual report on Form 10-K, especially in the subsections of "Item 1 — Business" entitled "Competition," "Student Recruiting and Admission," "Accreditation," "Approval and Licensing," "Tuition and Fees," "Financial Aid and Financing Student Education," "Student Loan Defaults," "Career Services," "Seasonality," and "Employees."

## ITEM 1B — UNRESOLVED STAFF COMMENTS

There are no unresolved SEC staff comments.

## ITEM 2 — PROPERTIES

### DEVRY UNIVERSITY

DeVry University campuses are large and modern buildings located in suburban communities or urban neighborhoods. They are easily accessible to major thoroughfares, have available parking areas, and many are served by public transportation. Each campus includes teaching facilities, admissions and administrative offices. Teaching facilities include classrooms, laboratories, libraries, bookstores and student lounges. Laboratories include computers and various telecommunications, electronic and biomedical equipment necessary to provide an appropriate environment for students' development of the required technical skills for their programs of study. Computer laboratories include both stand-alone and networked PC-compatible workstations that support all curricular areas with numerous software packages offering a variety of business, engineering and scientific applications. Connections to the Internet are included through the computer laboratories as a part of the program curriculum.

DeVry University is executing an ongoing real estate optimization strategy, which involves evaluating its current facilities and locations in order to ensure the optimal mix of large campuses, small campuses and DeVry University centers to meet the demand in each market that it serves. This process also improves capacity utilization and enhances economic value. These plans may include actions such as reconfiguring campuses; renegotiating lease terms; sub-leasing excess space; co-locating other educational offerings and administrative functions at campuses; and relocating to smaller locations within the same geographic area to improve cost effective use of space and increase market penetration. Future actions under this program could result in accounting gains and/or losses depending upon real estate market conditions, whether the facility is owned or leased and other market factors.

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DeVry made progress in executing its real estate optimization strategy during fiscal year 2008. Such accomplishments include:

~~In~~ September 2007, DeVry sold its facility located in Seattle, Washington. In the same transaction, DeVry sold its facility located in Phoenix, Arizona. In connection with the transaction, DeVry entered into agreements to lease back approximately 60% of the total space of both facilities.

~~In~~ September 2007, DeVry exercised the option under its lease agreement to purchase its facility in Alpharetta, Georgia. Immediately following the acquisition, DeVry sold the facility to a different party and executed a leaseback on the entire facility.

~~In~~ February 2008, DeVry sold its Houston campus. In the same transaction, DeVry is leasing back approximately 60 percent of the original space.

~~Chamberlain~~ College of Nursing began offering nursing programs at its new campuses in Addison, Illinois, and Phoenix in March 2008. These new locations are co-located with DeVry University campuses.

~~In~~ June 2008, Ross University's administrative staff, Dominica Management Inc., co-located its New Jersey offices with the DeVry University campus in North Brunswick, New Jersey.

No campus that is owned by DeVry is subject to a mortgage or other indebtedness. The following table sets forth certain information regarding the 23 large campus properties at which DeVry University undergraduate programs were conducted at June 30, 2008:

	June 2008 Area (Approximate Square Feet)	Ownership
Phoenix, Arizona	69,000	Leased
Westminster (Denver), Colorado	72,000	Leased
Pomona (Los Angeles), California	100,500	Owned
Long Beach (Los Angeles), California	98,000	Leased
Sherman Oaks, (Los Angeles), California	35,000	Leased
Fremont (San Francisco), California	99,000	Owned
Orlando, Florida	72,000	Leased
Miramar, Florida	94,000	Leased
Alpharetta (Atlanta), Georgia	65,000	Leased
Decatur (Atlanta), Georgia	108,000	Owned
Chicago, Illinois	156,000	Owned
Addison (Chicago), Illinois	113,000	Owned
Tinley Park (Chicago), Illinois	70,000	Owned
Kansas City, Missouri	75,000	Owned
North Brunswick, New Jersey	99,000	Owned
Long Island City, New York	155,000	Leased
Columbus, Ohio	114,000	Owned
Fort Washington (Philadelphia), Pennsylvania	104,000	Leased
North Irving (Dallas), Texas	57,000	Leased
Houston, Texas	58,000	Leased
Arlington (Washington, D.C.) Virginia	86,000	Leased

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Federal Way (Seattle), Washington	54,000	Leased
Calgary, Alberta, Canada	70,000	Leased

In addition to the undergraduate programs that are taught at these campuses, Keller Graduate School of Management degree programs and Becker CPA Review programs are also available at some sites.

In July 2008, there were 68 DeVry University centers throughout the United States in operation. Undergraduate degree programs are offered at 64 of these centers. DeVry plans to open four to six new DeVry University center locations in fiscal 2009.



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DeVry University centers are established in convenient metropolitan locations in modern buildings. These teaching centers, which mostly range in size from approximately 3,000 to 25,000 square feet, include classrooms, computer labs with Internet access, reference materials, admissions and administrative offices. Teaching centers have an information center designed to enhance students' success and support coursework requiring data and information beyond that provided in course texts and packets. The information centers include personal computers; all software required in courses; Internet access; alternate texts; popular business periodicals; videos of selected courses; and access to numerous electronic data-bases.

Examples of smaller DeVry University centers include those in Palmdale, California (3,050 square feet); Waukesha, Wisconsin (7,400 square feet); and Kansas City, Missouri (5,200 square feet). Larger DeVry University centers include Chicago, Illinois (16,050 square feet); Colorado Springs, Colorado (17,500 square feet); Las Vegas, Nevada (18,500 square feet); and Sacramento, California (24,400 square feet).

## MEDICAL AND HEALTHCARE

### Ross University

The medical school's basic science instructional facilities are located on an approximately 33 acre campus in the Caribbean country of Dominica, of which approximately 22 acres are occupied under lease.

In addition to classrooms and auditoriums, educational facilities include a gross anatomy lab, a multi-purpose lab, library and learning resource centers, offices, bookstore, cafeteria and recreational space. Classrooms and laboratories are furnished with state of the art audio-visual equipment.

During July 2008, Ross University announced it will open a teaching location in Freeport, Grand Bahama, in January 2009. The Ross University Freeport campus will initially accommodate students in the University's medical school. The students will be housed and taught in temporary space in Grand Bahama with Ross's new 60,000-80,000 square foot campus targeted to open in 2010. Depending upon the pace of development, capital expenditures related to opening the branch campus, including land, buildings and equipment, are expected to be in the range of \$35-\$60 million over the next 5 years.

The veterinary school's pre-clinical instructional facilities are located on a 50 acre site in St. Kitts. Ross University owns 27 acres and 23 acres of pasture land are leased from the government. Educational facilities include an anatomy/clinical building, pathology building, classroom buildings, administration building, bookstore, cafeteria and a library/learning resource center. The library/learning resource center is believed to be the largest electronic learning lab in veterinary medical education. Animal care facilities include kennels, an aviary and livestock barns. Two 150 to 180 seat classrooms are currently under construction and are expected to be in service in January 2010.

During June 2008, Dominica Management, Inc., Ross University's administrative services provider relocated its administrative offices from a leased facility in Edison, New Jersey to co-locate with a DeVry University facility in North Brunswick, New Jersey.

### Chamberlain College of Nursing

Chamberlain leases approximately 55,000 square feet of space in a hospital facility located in St. Louis, Missouri. The Chamberlain facilities include classrooms, dormitory space and administrative offices. In addition, Chamberlain College of Nursing has co-located three campuses with DeVry University's campuses in Columbus, Ohio; Addison, Illinois; and Phoenix, Arizona.

PROFESSIONAL AND TRAINING

Becker Professional Review is headquartered at DeVry's administrative office in Oakbrook Terrace, Illinois. In addition to this main administrative center, Becker leases approximately 8,300 square feet of space in Southern California for staff devoted to curriculum and other development efforts. Becker also leases approximately 3,500 square feet of space in Melville, New York for its eastern regional sales and administrative staff.

CPA and CFA review classes are conducted in leased facilities, fewer than ten of which are leased on a full-time basis. The remaining classes are conducted in facilities which are leased on an as-needed basis, allowing classes to be added, expanded, relocated or closed as current enrollments require. Becker classes are also offered at several DeVry University locations.

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HOME OFFICE

DeVry's administrative offices are located in approximately 129,000 square feet of leased space in an office tower in Oakbrook Terrace, Illinois, a suburb of Chicago. In addition, it leases more than 50,000 square feet in an adjacent building for a data center, additional office space and storage.

In fiscal 2005, DeVry purchased a 108,000 square foot building in Naperville, Illinois, a nearby suburban location, to house its expanding online operations. In June 2008, DeVry purchased a 110,000 square foot building in Wood Dale, Illinois, a Chicago suburb, for expansion of its growing online operations.

DeVry's leased facilities are occupied under leases whose remaining terms range from one to 14 years. A majority of these leases contain provisions giving DeVry the right to renew its lease for additional periods at various rental rates, though generally at rates higher than are currently being paid.

ITEM 3 – LEGAL PROCEEDINGS

DeVry is subject to occasional lawsuits, administrative proceedings, regulatory reviews and investigations associated with financial assistance programs and other claims arising in the normal conduct of its business. The following is a description of pending litigation that may be considered other than ordinary and routine litigation that is incidental to the business.

On December 23, 2005, Saro Daghlian, a former DeVry University student in California, commenced a putative class action against DeVry University and DeVry Inc. (collectively "DeVry") in Los Angeles Superior Court, asserting various claims predicated upon DeVry's alleged failure to comply with disclosure requirements under the California Education Code relating to the transferability of academic units. In addition to the alleged omission, Daghlian also claimed that DeVry made untrue or misleading statements to prospective students, in violation of the California Unfair Competition Law ("UCL") and the California False Advertising Law, ("FAL"). DeVry removed the action to the U.S. District Court for the Central District of California. In two Orders dated October 9, 2007, and December 31, 2007, the District Court entered judgment dismissing all of plaintiffs' class and individual claims and awarded DeVry its cost of suit. Plaintiffs have filed a Notice signifying their intent to appeal the dismissal to the U.S. Court of Appeals for the Ninth Circuit. DeVry intends to vigorously defend itself with respect to this claim.

In May 2008, the U.S. Department of Justice, Civil Division, working with the U.S. Attorney for the Northern District of Illinois, requested that DeVry voluntarily furnish documents and other information regarding its policies and practices with respect to recruiter compensation and performance evaluation. The stated purpose of the request was made to examine whether DeVry may have submitted or caused the submission of false claims or false statements to the U.S. Department of Education in violation of the False Claims Act. DeVry made a timely production of documents and continues to offer its full cooperation to the government in carrying out its inquiry. DeVry believes that its compensation practices were designed to be in compliance with current regulations.

The ultimate outcome of pending litigation and other proceedings, reviews, investigations and contingencies is difficult to estimate. At this time, DeVry does not expect that the outcome of any such matter, including the litigation described above, will have a material effect on its cash flows, results of operations or financial position.

ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of DeVry's security holders during the fourth quarter of the fiscal year.



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## EXECUTIVE OFFICERS OF THE REGISTRANT

The name, age and current position of each executive officer of DeVry are:

Name, Age and Office	Business Experience
Daniel M. Hamburger President and Chief Executive Officer, DeVry Inc.	44 Mr. Hamburger joined DeVry in November 2002 as Executive Vice President with responsibility for DeVry's online programs and Becker Professional Review division. In July 2004, Mr. Hamburger was appointed President and Chief Operating Officer of DeVry. Mr. Hamburger was appointed Chief Executive Officer in November 2006. Prior to joining DeVry, Mr. Hamburger was Chairman and Chief Executive Officer of Indeliqu, a developer of simulation-based training software, which merged with Accenture Learning in 2002. Prior to that, Mr. Hamburger was President of the Internet Commerce division of W.W. Grainger.
David Pauldine Executive Vice President, DeVry Inc. and President, DeVry University, Inc.	51 Mr. Pauldine joined DeVry in October 2005. In July 2006, he became President of DeVry University, Inc. Prior to joining DeVry, Mr. Pauldine was Executive Vice President at EDMC and President of The Art Institutes, a market-funded educational management company, from July 2001 to October 2005.
Thomas C. Shepherd Executive Vice President, DeVry Inc. and President, Ross University	58 Dr. Shepherd joined DeVry in October 2004 as President of Ross University. Prior to joining DeVry, Dr. Shepherd was President of Bastyr University, a Washington based university with offerings in healthcare education. He also co-founded Royale Healthcare, a hospital management company, and has served in senior management roles for several hospitals and healthcare facilities.
Richard M. Gunst Senior Vice President, Chief Financial Officer and Treasurer, DeVry Inc.	52 Mr. Gunst joined DeVry in July 2006 as Senior Vice President, Chief Financial Officer and Treasurer. Prior to joining DeVry, Mr. Gunst served as Senior Vice President and Chief Financial Officer of Sagus International, a manufacturer of school furniture, from 2005 to 2006. Mr. Gunst served as Senior Vice President and Senior Financial Officer of ConAgra Refrigerated Foods Group, from 2003 to 2004. He was also Chief Financial Officer of Quaker Foods and Beverages, from 2001 to 2003.
Sharon Thomas Parrott	58 Ms. Thomas Parrott joined DeVry in 1982 after several years as an officer in the U.S. Department of

Senior Vice President, Government and Regulatory Affairs and Chief Compliance Officer, DeVry Inc.

Education's Office of Student Financial Assistance. She served DeVry in several student finance positions and later assumed responsibility for corporate communications and government and public relations. In her current position, she is responsible for implementing and maintaining DeVry's corporate and government compliance program. She is also responsible for managing relations with key external audiences, including government officials, education policymakers and legislators.

Gregory S. Davis  
Vice President, General Counsel and Corporate Secretary, DeVry Inc.

46 Mr. Davis joined DeVry in July 2007 as Vice President, General Counsel and Corporate Secretary. Prior to joining DeVry, Mr. Davis was Vice President, General Counsel and Secretary of LaPetite Academy, Inc., from 2003 to 2007, which operated nearly 650 schools offering education and care to children ages 6 months to 12 years. Prior to that, Mr. Davis was a partner at Andersen Worldwide from 1991 to 2001, with merger and acquisition and legal related responsibilities.

Donna N. Jennings  
Vice President, Human Resources, DeVry Inc.

46 Ms. Jennings joined DeVry in October 2006 as Vice President of Human Resources. Prior to joining DeVry, Ms. Jennings was Vice President, Human Resources and Communications, of Velsicol Chemical Corporation, a global chemical products manufacturer, from 1994 to 2006.

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Eric Dirst Vice President, Chief Information Officer, DeVry Inc.	41	Mr. Dirst joined DeVry in May 2008 as Vice President and Chief Information Officer. Prior to joining the Company, Mr. Dirst was the Chief Information Officer and Chief Technical Officer at SIRVA, a relocation and moving service provider, from 2000 to 2008.
Steven Riehs Vice President and General Manager, Online Operations, DeVry Inc.	48	Mr. Riehs joined DeVry in 2004 as Vice President and General Manager of all online operations, including enrollment growth, program development and student services. Prior to joining DeVry, Mr. Riehs was Chief Executive Officer of BrainX, Inc., an education software company; Vice President in the medical division of Kaplan Educational Centers and Vice President and Chief Operating Officer of Compass Medical Education Network.
Thomas J. Vucinic Vice President, DeVry Inc. and President, Becker Professional Review	61	Mr. Vucinic has been the President of Becker Professional Review since July 2006 and General Manager since 1997. Prior to that, Mr. Vucinic was DeVry's director of financial planning and analysis.
John P. Roselli Vice President, Business Development and Planning, DeVry Inc.	44	Mr. Roselli joined DeVry in May 2003 as its Director of Business Development and General Manager of Corporate Continuing Education. In 2006, Mr. Roselli was appointed Vice President, Business Development and Planning.
Patrick J. Unzicker Controller, DeVry Inc.	37	Mr. Unzicker joined DeVry in March 2006 as its Controller. Prior to joining DeVry, Mr. Unzicker was Vice President — Controller at Whitehall Jewellers, Inc., a mall-based retail jeweler, from July 2003 to March 2006. Mr. Unzicker previously served as Vice President of Finance at Galileo International, computer based travel reservation system, from May 2000 to August 2002.

## PART II

## ITEM 5 – MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

## (a) Market Information

DeVry's common stock is listed on the New York Stock Exchange and the Chicago Stock Exchange under the symbol "DV." The stock transfer agent and registrar is Computershare Investor Services, L.L.C.

The following table sets forth the high and low sales price and dividends paid per share of common stock by quarter for the past two years.

Fiscal 2008

Fiscal 2007

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	Dividends			Dividends		
	Paid	High	Low	Paid	High	Low
First Quarter	\$ 0.05	\$ 38.42	\$ 31.70	\$ -	\$ 23.61	\$ 19.75
Second Quarter	-	59.97	36.79	-	28.75	21.11
Third Quarter	0.06	61.25	39.25	0.05	29.90	26.46
Fourth Quarter	-	61.57	41.85	-	36.09	27.44

(b) Approximate Number of Security Holders

There were 535 holders of record of DeVry's common stock as of August 1, 2008. The number of holders of record does not include beneficial owners of its securities whose shares are held by various brokerage firms, other financial institutions, DeVry's 401(k) and profit sharing plan and its employee stock purchase plan. DeVry believes that there are more than 10,000 beneficial holders of its common stock including employees who own stock through the exercise of stock options, who own stock through participation in the employee stock purchase plan or who own stock through their investment election in DeVry's 401(k) and profit sharing plan.



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## (c) Dividends

DeVry is a holding company and, as such, is dependent on the earnings of its subsidiaries for funds to pay cash dividends. Cash flow from DeVry's subsidiaries may be restricted by law and is subject to some restrictions by covenants in the subsidiaries' debt agreements, including maintaining consolidated net worth, fixed charge coverage and leverage at or above specified levels. DeVry generated sufficient cash flow in fiscal 2008 to fund its current operations, reinvest in capital equipment as appropriate, reduce outstanding debt and remain in full compliance with the covenants in its debt agreements. In May 2008, the Board of Directors declared a dividend of \$0.06 per share of common stock, paid in July 2008. DeVry's Board of Directors stated its intent to declare dividends on a semi-annual basis, resulting in an annual dividend rate of \$0.12 per share. There is no guarantee that dividends will be declared in the future, and payment of dividends will be at the discretion of the Board of Directors and will be dependent on projections of future earnings, cash flow, financial requirements of DeVry and other factors as the board of directors deems relevant.

## Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs <sup>1</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>1</sup>
April 2008	87,826	\$ 48.49	87,826	\$ --
May 2008	--	--	--	50,000,000
June 2008	--	--	--	50,000,000
Total	87,826	\$ 48.49	87,826	\$ 50,000,000

<sup>1</sup>On November 15, 2006, the Board of Directors approved a stock repurchase program, pursuant to which up to \$35 million of DeVry common stock may be repurchased within the next two years. This program was announced in DeVry's report on Form 8-K, which was filed on November 15, 2006. In April 2008, DeVry completed this repurchase plan. On May 13, 2008, the Board of Directors authorized a share repurchase program to buyback up to \$50 million of DeVry common stock through December 31, 2010. As of June 30, 2008, DeVry has not repurchased any shares under this program.

## Other Purchases of Equity Securities

Period	Total Number of Shares Purchased <sup>2</sup>	Average Price Paid per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 2008	580	\$ 57.97	N/A	N/A

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May 2008	502	\$	54.04	N/A	N/A
June 2008	--	\$	--	N/A	N/A
Total	1,082	\$	56.15	N/A	N/A

<sup>2</sup>Represents shares delivered back to the issuer under a swap agreement resulting from employees' exercise of incentive stock options pursuant to the terms of DeVry's stock incentive plans.

#### Performance Graph

The following graph and chart compare the total cumulative return (assuming dividend reinvestment) on the Company's Common Stock during the period from June 30, 2003 through June 30, 2008 with the cumulative return on the NYSE Stock Market Index (U.S. Companies), and two industry group indices.

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COMPARISON OF CUMULATIVE TOTAL RETURN SINCE JUNE 30, 2003  
AMONG DEVRY INC., NYSE MARKET INDEX, AND INDUSTRY GROUP INDICES

	2003	2004	June 30 2005	2006	2007	2008
DeVry Inc.	100.0	117.7	85.5	94.3	146.1	230.5
NYSE Market Index - U.S. Companies	100.0	120.0	127.8	145.9	174.9	153.4
Industry Group Index-New (1)	100.0	135.5	117.4	93.2	116.1	90.5
Industry Group Index-Old (1)	100.0	143.7	129.3	109.2	134.3	106.4

Data for this graph was prepared by Zacks Investment Research.

Assumes \$100 was invested on June 30, 2003 in DeVry Inc. Common Stock, the NYSE Stock Market Index (U.S. Companies), the Industry Group-New (1) and the Industry Group-Old (1), and that all dividends were reinvested.

(1) The Industry Group-New consists of the following companies selected on the basis of similarity in nature of their business: Apollo Group, Inc., Capella Education Co., Career Education Corp., Corinthian Colleges, Inc., ITT Educational Services, Inc., Lincoln Educational Services, Strayer Education, Inc., and Universal Technical Institute. DeVry believes that, including itself, these companies represent the majority of the market value of publicly traded companies whose primary business is education. Among the changes to the index were the addition of one company that newly trades as a public company and the deletion of several companies that no longer trade as separate public companies.

The Industry Group-Old Consists of the following companies selected on the basis of similarity in nature of their business: Apollo Group, Inc., Apollo Group, Inc.-University of Phoenix, Career Education Corp., Concorde Career Colleges, Corinthian Colleges, Inc., Education Management Corp., ITT Educational Services, Inc., Laureate Education Inc., Lincoln Educational Services, Strayer Education, Inc., and Universal Technical Institute.

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ITEM 6 – SELECTED FINANCIAL DATA

Selected financial data for DeVry for the last five years are included in the exhibit, “Five-Year Summary — Operating, Financial and Other Data”, on page 91 of this report.

ITEM 7 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of DeVry’s results of operations and financial condition should be read in conjunction with the consolidated financial statements and the notes thereto appearing elsewhere in this report.

OVERVIEW

DeVry posted record revenues and net income for fiscal year 2008 based on increasing enrollments and continued execution of its five-year strategic plan. Fiscal year 2008 earnings per share of \$1.73, a significant increase compared to \$1.07 per share a year-ago, was driven by improved operating performance. Operational and financial highlights for fiscal year 2008 include:

All three of DeVry’s business segments achieved double digit revenue and operating profit growth, due to continued strength in new student recruiting and demand for DeVry’s high quality educational programs and offerings, while at the same time making investments to drive future growth.

The Summer 2008 term marked DeVry University’s eleventh consecutive period of positive undergraduate new student growth and the eighth consecutive period of positive total student enrollment growth.

Becker Professional Review delivered record revenues of \$81.1 million and operating profit of \$33.8 million driven by continued demand for its high quality CPA and CFA exam preparation class and materials. All ten of the most recent Elijah Watt Sells Award winners, individuals who achieved the highest cumulative scores on the CPA exam, prepared with Becker.

Ross University produced record revenues and operating profits. During the June 2008 graduation ceremony, Ross University conferred a record number of Doctor of Medicine and Doctor of Veterinary Medicine degrees.

Chamberlain College of Nursing began offering nursing programs at its new campuses in Addison, Illinois, and Phoenix in March 2008. These new locations are co-located with DeVry University campuses.

In connection with its real estate optimization strategy, DeVry executed sale leaseback transactions at four of its facilities resulting in an upfront loss of \$2.3 million net of tax, or \$0.03 per share. Management expects these actions will result in a \$1.1 million improvement in operating income on an annual basis.

On October 31, 2007, DeVry acquired Advanced Academics Inc., a leading provider of online secondary education, for \$27.5 million in cash. This acquisition marks DeVry’s entry into secondary education and is expected to accelerate growth in DeVry’s online operations.

DeVry repurchased 552,926 shares of its common stock at a total cost of approximately \$24.5 million during fiscal year 2008 completing the \$35 million stock repurchase program in April 2008. In May 2008, DeVry’s Board of Directors approved a \$50 million stock repurchase program to be completed by December 2010.

DeVry's financial position continued to strengthen as it ended fiscal year 2008 with no debt outstanding and \$277 million of cash and marketable securities.

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The following table illustrates the effects of the loss/(gain) on the sale of facilities and separation plan severance on DeVry's earnings. The non-GAAP disclosure of net income and earnings per share, excluding these items, is not preferable to GAAP net income but is shown as a supplement to such disclosure for comparability to the prior periods. The following table reconciles these items to the relevant GAAP information (in thousands, except per share data). Adjusted earnings per share may not add because of rounding.

	Fiscal Year		
	2008	2007	2006
Net Income	\$ 125,532	\$ 76,188	\$ 43,053
Earnings per Share (diluted)	\$ 1.73	\$ 1.07	\$ 0.61
Loss (Gain) on Sale of Assets (net of tax)	\$ 2,279	\$ (12,672)	\$ 273
Effect on Earnings per Share (diluted)	\$ 0.03	\$ (0.18)	--
Separation Plan Severance (net of tax)	--	\$ 3,807	--
Effect on Earnings per Share (diluted)	--	\$ 0.05	--
Net Income Excluding the Loss (Gain) on Sale of Assets and Separation Plan Severance (net of tax)	\$ 127,811	\$ 67,323	\$ 42,780
Adjusted Earnings per Share (diluted)	\$ 1.77	\$ 0.94	\$ 0.61

## RESULTS OF OPERATIONS

The following table presents information with respect to the relative size to revenue of each item in the Consolidated Statements of Income for the current and prior fiscal years. Percents may not add because of rounding.

	Fiscal Year		
	2008	2007	2006
Revenue	100.0%	100.0%	100.0%
Cost of Educational Services	46.1%	52.1%	54.0%
Separation Plan Severance	--	0.7%	--
Loss (Gain) on Sale of Assets	0.3%	(2.2%)	(0.1%)
Student Services & Administrative Expense	38.7%	38.5%	38.5%
Total Operating Expenses	85.1%	89.0%	92.4%
Operating Income	14.9%	11.0%	7.6%
Interest Income	1.0%	0.8%	0.5%
Interest Expense	(0.1%)	(0.5%)	(1.2%)
Net Interest Income (Expense)	0.9%	0.3%	(0.8%)
Income Before Income Taxes	15.8%	11.2%	6.8%
Income Tax Provision	4.3%	3.1%	1.7%
Net Income	11.5%	8.2%	5.1%

## FISCAL YEAR ENDED JUNE 30, 2008 VS. FISCAL YEAR ENDED JUNE 30, 2007

## REVENUES

Total consolidated revenues for fiscal 2008 of \$1,091.8 million increased \$158.4 million, or 17.0%, as compared to last year. Revenues are reported net of tuition refunds applicable to students who withdraw from the academic term for which they are enrolled during the period specified by the refund policy. Revenues increased at all three of DeVry's

business segments as a result of continued growth in total student enrollments, improved student retention and tuition price increases as compared to the year ago period. In addition, revenues increased because of higher sales of Becker CPA review materials.

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DeVry University

During fiscal year 2008, DeVry University segment revenues increased by 15.5% to \$840.9 million as compared to fiscal year 2007. While DeVry University accounted for the majority of the revenue increase in this segment, revenues at Advanced Academics Inc., which was acquired on October 31, 2007, also contributed to segment revenue growth. DeVry University tuition revenues are the largest component of total revenues in the DeVry University segment. The two principal factors that influence revenues are enrollment and tuition rates. Key trends in these two components are set forth below.

Total undergraduate enrollment by term:

- Increased by 9.8% from summer 2006 (37,132 students) to summer 2007 (40,774 students);
- Increased by 10.3% from fall 2006 (40,434 students) to fall 2007 (44,594 students);
- Increased by 10.3% from spring 2007 (40,637 students) to spring 2008 (44,814 students); and

Increased by 12.6% from summer 2007 (40,774 students) to summer 2008 (45,907 students). This was DeVry University's eighth consecutive period of positive total undergraduate student enrollment growth.

New undergraduate enrollment by term:

- Increased by 9.7% from summer 2006 (12,671 students) to summer 2007 (13,906 students);
- Increased by 10.7% from fall 2006 (11,930 students) to fall 2007 (13,204 students);
- Increased by 12.1% from spring 2007 (11,075 students) to spring 2008 (12,410 students); and

Increased by 19.3% from summer 2007 (13,906 students) to summer 2008 (16,595 students). The summer 2008 term was the eleventh consecutive term in which new undergraduate student enrollments increased from the year-ago level.

Graduate coursetaker enrollment, including the Keller Graduate School of Management:

The term "coursetaker" refers to the number of courses taken by a student. Thus, one student taking two courses is counted as two coursetakers.

Increased by 11.1% from the July 2006 session (12,617 coursetakers) to the July 2007 session (14,023 coursetakers);

Increased by 12.7% from the September 2006 session (14,069 coursetakers) to the September 2007 session (15,857 coursetakers);

Increased by 12.5% from the November 2006 session (13,920 coursetakers) to the November 2007 session (15,657 coursetakers);

Increased by 13.7% from the January 2007 session (15,278 coursetakers) to the January 2008 session (17,377 coursetakers);

Increased by 15.2% from the March 2007 session (14,756 coursetakers) to the March 2008 session (17,005 coursetakers);



Increased by 15.7% from the May 2007 session (14,290 coursetakers) to the May 2008 session (16,537 coursetakers); and

Increased by 14.2% from the July 2007 session (14,023 coursetakers) to the July 2008 session (16,017 coursetakers).

Tuition rates:

— Undergraduate program tuition increased by approximately 4.5% in July 2007; and

Graduate school program tuition increased by approximately 0% to 5%, depending on location, for the July 2007 session, with a weighted average increase of 2.7%.

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Management believes the increased undergraduate student enrollments were most significantly impacted by improved marketing and recruiting efforts, continued strong demand for DeVry University's online programs and a heightened focus on the retention of existing students. Management believes efforts at Keller to enhance brand awareness through improved messaging have produced positive graduate enrollment results. Also contributing to higher total revenues in the DeVry University segment was an increase in Other Educational Revenues from sales of educational materials.

Partly offsetting the increases in revenue from improved enrollments and higher tuition rates were an increase in DeVry University scholarships and a growing proportion of working adult undergraduate students who typically enroll for less than a full-time academic load. These students primarily are enrolled in online programs and in programs offered at DeVry University centers. These part-time students pay a lesser total average tuition amount each term than do full-time students at the undergraduate campus locations. Therefore, the higher revenue per student resulting from tuition increases has been partially offset by a greater proportion of part-time students. In addition, interest charges (included in Other Educational Revenue) on undergraduate student accounts receivable decreased during fiscal year 2008, as compared to the prior year periods. These receivables are generally subject to a monthly interest charge of one percent under DeVry University's EDUCARD® proprietary loan program for financing students' education. Lower interest charges are primarily the result of an improvement in the timeliness of receivable collections as compared to the prior year periods.

#### Medical and Healthcare

The Medical and Healthcare segment posted record revenues of \$169.8 million in fiscal year 2008, representing an increase of \$32.6 million, or 23.8% as compared to the prior year. While Ross University accounted for the majority of the revenue increase in this segment, increasing enrollments at Chamberlain College of Nursing also contributed to segment revenue growth. The two principal factors that influence revenues are enrollment and tuition rates. Key trends in these two components are set forth below.

#### Ross University total enrollment by term:

- Increased by 9.9% from May 2006 (3,428 students) to May 2007 (3,767 students);
- Increased by 4.1% from September 2006 (3,724 students) to September 2007 (3,876 students);
- Increased by 7.0% from January 2007 (3,747 students) to January 2008 (4,011 students); and
- Increased by 7.9% from May 2007 (3,767 students) to May 2008 (4,064 students).

#### Ross University new student enrollment by term:

- Decreased by 5.2% from May 2006 (439 students) to May 2007 (416 students);
- Decreased by 8.9% from September 2006 (628 students) to September 2007 (572 students);
- Increased by 11.1% from January 2007 (496 students) to January 2008 (551 students); and
- Increased by 15.6% from May 2007 (416 students) to May 2008 (481 students).

#### Chamberlain College of Nursing total enrollment by term:

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- Increased by 83.3% from July 2006 (594 students) to July 2007 (1,089 students); and
- Increased by 99.0% from July 2007 (1,089 students) to July 2008 (2,167 students).

Tuition rates:

Tuition and fees for the Ross University core sciences programs increased by approximately 5.4% for the September 2006 term and approximately 6.8% effective with the September 2007 term;

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Tuition and fees for the Ross University final clinical portion of the programs increased by approximately 5.0% for the September 2006 term and approximately 7.5% effective with the September 2007 term; and

—Tuition for Chamberlain increased approximately 5% for the 2007-2008 academic year (effective July 2007).

Continued demand for medical doctors and veterinarians positively influenced career decisions of new students towards these respective fields of study. Management believes the increasing enrollments at Ross University for the past several terms resulted from enhancements made to its marketing and recruiting functions, as well as steps taken to meet increasing student demand such as adding faculty, classrooms, and a new student center and gymnasium.

The increase in student enrollments at Chamberlain was attributable to its growing RN to BSN online completion program and the opening of its Columbus campus in March 2007. Also, during March 2008, Chamberlain began offering nursing programs at its campuses in Addison, Illinois, and Phoenix. These locations are co-located with existing respective DeVry University campuses.

### Professional and Training

Professional and Training segment revenues reached a record high of \$81.1 million for fiscal year 2008, increasing by \$13.2 million, or 19.4% from the prior year. The primary reasons for the increase were higher sales of CPA review courses on CD-ROM and increased enrollment in Becker Professional Review's CPA review courses. Management believes these increases are being driven largely by Becker's success in capturing the continuing strong demand for CPAs from accounting and consulting firms. Also contributing to the growth in revenues was a price increase of approximately 5%, effective July 2007.

### Other Educational Revenues

Other Educational Revenues increased by 24.0% to \$87.8 million during fiscal year 2008 as compared to the prior year. As discussed above, the primary drivers for the increase in Other Educational Revenue were increased sales of Becker CPA Review course materials on CD-ROM and strong sales of educational materials at DeVry University, partially offset by a decrease in interest charged on undergraduate student receivables due to improved collections and management of student accounts.

## COSTS AND EXPENSES

### Cost of Educational Services

The largest component of Cost of Educational Services is the cost of employees who support educational operations. This expense category also includes the costs of facilities, supplies, bookstore and other educational materials, student education-related support activities, and the provision for uncollectible student accounts.

DeVry's Cost of Educational Services increased 3.4% to \$503.1 million during fiscal year 2008 as compared to the year-ago period. Cost increases were incurred in support of the higher number of DeVry University Centers, expanding online program enrollments and from Advanced Academics, which was acquired on October 31, 2007. In addition, cost increases were incurred at Ross University to both support increasing student enrollments and capacity expansion to drive future growth. Also, Cost of Educational Services increased due to the operation of two additional Chamberlain locations which began offering programs in March 2008. Partially offsetting these cost increases were savings realized from the voluntary and involuntary work force reductions taken at DeVry University during the fourth quarter of fiscal year 2007 along with facility cost reductions from DeVry University's ongoing real estate optimization program.

As a percent of revenue, Cost of Educational Services decreased to 46.1% in fiscal year 2008 from 51.1% during the prior year period. The decrease was the combined result of increased operating leverage with existing facilities and staff and revenue gains, which more than offset incremental investments within all three business segments. Management anticipates improvements in operating leverage to continue during fiscal year 2009, albeit not at the same level achieved during fiscal year 2008 as expenses are expected to increase based on additional hiring and project spending to support future quality enhancements and revenue growth.

#### Separation Plan Severance

During the third quarter of fiscal year 2007, DeVry offered a voluntary separation plan (VSP) to eligible DeVry University campus-based employees, and during the fourth quarter of fiscal year 2007, DeVry University announced plans for an involuntary reduction in force (RIF). In connection with these actions, DeVry University reduced its workforce by approximately 220 employees, and recorded a total pre-tax charge of approximately \$6.3 million in fiscal year 2007. The charge consisted of severance pay and extended medical and dental benefits coverage. The charge was separately classified in the Consolidated Statements of Income as a component of Total Costs and Expenses and was related to the DeVry University reportable segment.

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Loss (Gain) on Sale of Assets

In February, 2008, DeVry University completed the sale of its 98,000 square foot Houston facility for approximately \$14.5 million of gross proceeds. DeVry is leasing back approximately 60 percent of the original space. An accounting gain from the sale of the facility of \$2.2 million is being recognized ratably over the 12-year lease period.

In September 2007, DeVry sold its facility located in Seattle, Washington, for approximately \$12.4 million. In connection with the sale, DeVry recorded a pre-tax loss of \$5.4 million during the first quarter of fiscal year 2008. In the same transaction, DeVry sold its facility located in Phoenix, Arizona, for approximately \$16.0 million which resulted in a pre-tax gain of approximately \$7.7 million. In connection with the transaction, DeVry entered into agreements to lease back approximately 60% of the total space of both facilities. The leaseback required the deferral of a portion of the gain on the sale of the Phoenix facility of approximately \$6.6 million. This gain is being recognized as a reduction to rent expense over the ten year life of the lease agreement. The remaining pre-tax gain of \$1.1 million was recorded during the first quarter of fiscal year 2008.

In September 2007, DeVry exercised the option to purchase its leased facility in Alpharetta, Georgia, for \$11.2 million. Immediately following the acquisition, DeVry sold the facility to a different party for \$11.2 million and executed a leaseback on the entire facility. In connection with this transaction, DeVry accelerated to the first quarter of fiscal year 2008, the recognition of approximately \$0.6 million of remaining deferred lease credits associated with the original lease.

The recorded net loss on the sale of the facilities and the recognition of the deferred lease credits was separately classified in the Consolidated Statements of Income as a component of Total Operating Costs and Expenses and was related to the DeVry University reportable segment.

In September 2006, DeVry sold its facility located in West Hills, California, for \$36.0 million. In connection with the sale, DeVry recorded a pre-tax gain of \$19.9 million during the first quarter of fiscal year 2007. DeVry relocated its West Hills campus operations to a leased facility in nearby Sherman Oaks, California. This gain was separately classified in the Consolidated Statements of Income as a component of Total Operating Costs and Expenses and was also related to the DeVry University reportable segment.

These transactions were executed as a part of DeVry's ongoing real estate optimization strategy, which involves evaluating DeVry's current facilities and locations in order to ensure the optimal mix of large campuses, small campuses and DeVry University centers to meet the demand of each market that it serves. This process also improves capacity utilization and enhances economic value. This strategy may include actions such as reconfiguring large campuses; renegotiating lease terms; sub-leasing excess space and relocating to smaller locations within the same geographic area to increase market penetration. DeVry will also consider co-locating other educational offerings such as Chamberlain College of Nursing at DeVry University campuses. Future actions under this program could result in accounting gains and/or losses depending upon real estate market conditions, including whether the facility is owned or leased and other market factors.

Student Services and Administrative Expense

This expense category includes student recruiting and advertising costs, general and administrative costs, expenses associated with curriculum development, and the amortization expense of finite-lived intangible assets related to acquisitions of businesses.

Student Services and Administrative Expense grew by 17.7% to \$422.6 million during fiscal year 2008 as compared to the year-ago period. The increase in expenses represented additional investments in advertising and recruiting to

drive and support future growth in new student enrollments. Increased new student enrollments, as described above, at all three of DeVry's business segments are believed to be, in part, attributable to the higher level and effectiveness of this spending. In addition, cost increases were incurred for improved information technology and student services. Also, expenses were higher as compared to the year-ago periods as a result of the acquisition of Advanced Academics, which was purchased on October 31, 2007.

Partially offsetting these increases was lower amortization of finite-lived intangible assets in connection with acquisitions of businesses, primarily related to Ross University, net of increased amortization of finite-lived intangible assets resulting from the acquisition of Advanced Academics on October 31, 2007. For fiscal year 2008, amortization expense for finite-lived intangible assets was \$4.9 million compared to \$6.8 million in the year-ago period. Amortization expense is included entirely in the Student Services and Administrative Expense category.

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OPERATING INCOME

DeVry University

DeVry University segment operating income increased 117% to \$83.4 million during fiscal year 2008, as compared to the prior year period. Revenue increased and gross margin improved significantly during fiscal year 2008, which was partially offset by the loss from sale leaseback transactions. In September 2007, DeVry executed sale leaseback transactions for its facilities in Seattle, Washington; Phoenix, Arizona; and Alpharetta, Georgia. In connection with these transactions, DeVry recorded a pre-tax loss of \$3.7 million during the fiscal year 2008. During fiscal year 2007, DeVry recorded pre-tax gains of \$20.8 million associated with facility sales and recorded a pre-tax charge of \$6.3 million in connection with separation plans. The loss in fiscal year 2008 and gain and charge in fiscal year 2007 were included in operating income of the DeVry University reportable segment. Excluding the impact of the asset sales in both the current and prior year and the voluntary separation plan charge in the prior year period, on a non-GAAP basis DeVry University fiscal year 2008 operating income of \$87.2 million increased \$63.3 million from \$23.9 million in the year-ago period.

Medical and Healthcare

Medical and Healthcare segment operating income increased 11.2% to \$52.2 million during fiscal year 2008 as compared to the prior year. Increases in student enrollments and tuition produced higher revenues and operating income in fiscal year 2008 as compared to the prior year even as faculty, staff and facilities were being added in connection with the operation of two additional Chamberlain campuses which began offering programs in March 2008. The increase was partially offset by an increase in the allocation of corporate expenses to this business unit, including information technology, human resources and legal, based upon current usage of such services.

Professional and Training

Professional and Training segment operating income rose 31.4% to \$33.8 million during fiscal year 2008 as compared to the year-ago period. The increase in operating income is the result of higher revenue and improved operating leverage as discussed earlier.

INTEREST

Interest income increased 40.7%, to \$10.5 million during fiscal year 2008 as compared to the prior year. The increase was attributable to higher levels of invested cash balances and marketable securities with higher interest rates as compared to the prior year. The increase in invested cash balances and marketable securities was attributable to improved operating cash flow and proceeds received from the sale of assets, as discussed earlier.

Interest expense decreased 89.1% to \$0.5 million during fiscal year 2008 as compared to the year-ago period. The decrease in interest expense was attributable to lower average borrowings and lower amortization of deferred financing costs. During July and October 2006, DeVry repaid the remaining Senior Notes totaling \$115 million. During January 2007, DeVry amended its revolving credit agreement, which among other things, reduced the spread on applicable interest and fee rates.

INCOME TAXES

Taxes on income were 27.1% of pretax income for fiscal year 2008, compared to 27.4% for the prior year. The lower effective income tax rate in fiscal year 2008 was attributable to the gain on the sale of the West Hills facility and excess adjacent land to the Tinley Park campus, which occurred in fiscal year 2007, and carried a tax rate of 39.1%,



partially offset by an increase in the proportion of income generated by U.S. operations to the offshore operations of Ross University during fiscal year 2008 as compared to the prior year period.

Earnings of Ross University's international operations are not subject to U.S. federal or state taxes and also are exempt from income taxes in the jurisdictions in which the schools operate. The medical and veterinary schools have agreements with the governments that exempt them from local income taxation through the years 2043 and 2023, respectively. DeVry intends to indefinitely reinvest Ross University earnings and cash flow to improve and expand facilities and operations at the medical and veterinary schools, and pursue other business opportunities outside the United States. Accordingly, DeVry has not recorded a current provision for the payment of U.S. income taxes on these earnings.

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FISCAL YEAR ENDED JUNE 30, 2007 VS. FISCAL YEAR ENDED JUNE 30, 2006

REVENUES

Total consolidated revenues for fiscal 2007 of \$933.5 million increased \$94.0 million, or 11.2%, as compared to fiscal year 2006. Revenues were reported net of tuition refunds applicable to students who withdraw from the academic term for which they were enrolled during the period specified by the refund policy. During fiscal year 2007, revenues increased at all three of DeVry's business segments as a result of continued growth in student enrollments and tuition price increases as compared to fiscal year 2006. In addition, revenues increased because of higher sales of Becker Professional Review materials and the expanding sale of educational materials at DeVry University.

DeVry University

During fiscal year 2007, DeVry University revenues increased by 7.8% to \$728.4 million as compared to fiscal year 2006. Tuition revenues are the largest component of total revenues in the DeVry University Segment. The two principal factors that influence revenues are enrollment and tuition rates. Key trends in these two components are set forth below.

Total undergraduate enrollment by term:

- Increased by 2.5% from summer 2005 (36,220 students) to summer 2006 (37,132 students);
- Increased by 4.9% from fall 2005 (38,546 students) to fall 2006 (40,434 students);
- Increased by 5.5% from spring 2006 (38,523 students) to spring 2007 (40,637 students); and

Increased by 9.8% from summer 2006 (37,132 students) to summer 2007 (40,774 students). This was DeVry University's fifth consecutive period of positive total undergraduate student enrollment growth.

New undergraduate enrollment by term:

- Increased by 12.2% from summer 2005 (11,293 students) to summer 2006 (12,671 students);
- Increased by 11.9% from fall 2005 (10,663 students) to fall 2006 (11,930 students);
- Increased by 6.9% from spring 2006 (10,359 students) to spring 2007 (11,075 students); and

Increased by 9.7% from summer 2006 (12,671 students) to summer 2007 (13,906 students). The summer 2007 term was the eighth consecutive term in which new undergraduate student enrollments increased from the year-ago level.

Graduate coursetaker enrollment:

The term "coursetaker" refers to the number of courses taken by a student. Thus, one student taking two courses is counted as two coursetakers.

Increased by 10.3% from the July 2005 session (11,434 coursetakers) to the July 2006 session (12,617 coursetakers);

Increased by 10.5% from the September 2005 session (12,732 coursetakers) to the September 2006 session (14,069 coursetakers);

Increased by 8.9% from the November 2005 session (12,777 coursetakers) to the November 2006 session (13,920 coursetakers);

Increased by 10.9% from the January 2006 session (13,776 coursetakers) to the January 2007 session (15,278 coursetakers);

Increased by 5.2% from the March 2006 session (14,029 coursetakers) to the March 2007 session (14,756 coursetakers);

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Increased by 8.7% from the May 2006 session (13,148 coursetakers) to the May 2007 session (14,290 coursetakers); and

Increased by 11.1% from the July 2006 session (12,617 coursetakers) to the July 2007 session (14,023 coursetakers).

Tuition rates:

Undergraduate program tuition increased by approximately 4.5% in July 2006 and by approximately 4.5% in July 2007; and

Graduate school program tuition increased by approximately 4.5% for the July 2006 session following a 5.0% increase for the September 2005 session.

The increasing undergraduate new student enrollments were attributable to greater investments in marketing and recruiting, continued demand for DeVry's high quality educational programs and its position within the working adult market. Management believes that efforts at Keller to sharpen brand presentation and program messaging have produced positive enrollment results and will continue to focus on further improvements in the future. Also contributing to higher total revenues in the DeVry University segment was an increase in Other Educational Revenues partly from sales of educational materials.

Partly offsetting the increases in revenue from improved enrollments and higher tuition rates were an increase in DeVry University scholarships and a growing proportion of working adult undergraduate students who typically enroll for less than a full-time academic load. These students are primarily enrolled in online programs and at programs offered at DeVry University centers. These part-time students pay a lesser total average tuition amount each term than do full-time students at the undergraduate campus locations. Therefore, the higher revenue per student resulting from tuition increases has been partially offset by a greater proportion of part-time students. In addition, interest charges (included in Other Educational Revenue) on undergraduate student accounts receivable decreased in fiscal year 2007, as compared to the prior year periods. These receivables are generally subject to a monthly interest charge of one percent under DeVry University's EDUCARD® proprietary loan program for financing students' education. Lower interest charges were primarily a result of a decrease in the average accounts receivable balance on enrolled, undergraduate student accounts. The timeliness of receivable collections improved as compared to fiscal year 2006.

Medical and Healthcare

The Medical and Healthcare segment posted revenues of \$137.2 million in fiscal year 2007, which represented an increase of \$26.8 million, or 24.2% as compared to fiscal year 2006. While Ross University accounted for the majority of the revenue increase in this segment, increasing enrollments at Chamberlain College of Nursing also contributed to segment revenue growth. The two principal factors that influence revenues are enrollment and tuition rates. Key trends in these two components are set forth below.

Ross University total enrollment by term:

- Increased by 13.2% from May 2005 (3,029 students) to May 2006 (3,428 students);
- Increased by 15.4% from September 2005 (3,227 students) to September 2006 (3,724 students);
- Increased by 14.8% from January 2006 (3,264 students) to January 2007 (3,747 students); and

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- Increased by 9.9% from May 2006 (3,428 students) to May 2007 (3,767 students).

Ross University new student enrollment by term:

- Increased by 63.8% from May 2005 (268 students) to May 2006 (439 students);
- Increased by 9.2% from September 2005 (575 students) to September 2006 (628 students);
- Increased by 28.2% from January 2006 (387 students) to January 2007 (496 students); and

Decreased by 5.2% from May 2006 (439 students) to May 2007 (416 students) as a result of a lower number of transfer students in May 2007 as compared to the prior year term.

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Chamberlain College of Nursing total enrollment by term:

— Increased by 83.3% from July 2006 (594 students) to July 2007 (1,089 students).

Tuition rates:

Tuition and fees for the Ross University beginning basic sciences programs increased by approximately 5.4% for the September 2006 term and approximately 6.8% effective with the September 2007 term;

Tuition and fees for the Ross University final clinical portion of the programs increased by approximately 5.0% for the September 2006 term and approximately 7.2% effective with the September 2007 term; and

Tuition for Chamberlain College of Nursing increased approximately 5% for the 2006-2007 academic year (effective July 2006) and approximately 5% for the 2007-2008 academic year (effective July 2007).

Management believed that the increasing enrollments at Ross University for the past several terms resulted from enhancements made to its marketing and recruiting functions. In addition, continued demand for medical doctors and veterinarians positively influenced career decisions of new students towards these respective fields of study. To prepare for increasing student demand, Ross University added faculty, classrooms, laboratories and student housing.

During March 2007, Chamberlain College of Nursing began offering associate and bachelor's degrees in nursing programs at its new campus in Columbus, Ohio. This new location is co-located with DeVry University's campus in Columbus.

Professional and Training

Professional and Training segment recorded revenues of \$67.9 million for fiscal year 2007, which increased by \$14.3 million, or 26.8% from fiscal year 2006. The primary reason for the increased revenue during fiscal year 2007 was increased enrollment in Becker Professional Review's CPA review courses and from increased sales of CPA and CFA review courses on CD-ROM. Management believed that these increases were being driven by an increase in market share and the continued demand for accounting and finance professionals. Also contributing to the growth in revenues was a price increase of approximately 5%.

Other Educational Revenues

Other Educational Revenues increased by 22.7% to \$70.8 million during fiscal year 2007 as compared to fiscal year 2006. As discussed above, the primary drivers for the increase in Other Educational Revenues were strong sales of Becker Professional Review course materials on CD-ROM and educational materials at DeVry University.

COSTS AND EXPENSES

Cost of Educational Services

The largest component of Cost of Educational Services is the cost of employees who support educational operations. This expense category also includes the costs of facilities, supplies, bookstore and other educational materials, student education-related support activities, and the provision for uncollectible student accounts.

Cost of Educational Services increased 7.4% to \$486.7 million during fiscal year 2007 as compared to fiscal year 2006. Cost increases were incurred in support of expanding online program enrollments and five additional DeVry

University centers. In addition, cost increases were incurred at Ross University to support increasing student enrollments. Also contributing to the higher cost of educational services was an increase in salary expense due to annual merit increases. In addition, provision for doubtful accounts increased primarily as a result of revenue growth. Partially offsetting these increases was a decrease in depreciation expense in fiscal year 2007 because of lower capital spending during each of the past several years.

As a percent of revenue, Cost of Educational Services decreased to 52.1% in fiscal year 2007 from 54.0% during the prior year period. The decrease was a result of increased operating leverage with existing facilities and staff and revenue gains, which more than offset incremental investments at all three business segments.

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### Separation Plan Severance

During the third quarter of fiscal 2007, DeVry offered a voluntary separation plan (VSP) to eligible DeVry University campus-based employees. The decision to take this action resulted from a thorough analysis which revealed that a reduction in the number of employees at DeVry University campuses was warranted to address the subsidiary's cost structure. The VSP was offered at 22 DeVry University campuses with 285 employees being eligible to participate. Seventy employees accepted this separation plan. Separation of employment was effective no later than June 30, 2007. DeVry recorded a pre-tax charge of approximately \$3.7 million in the third and fourth quarters of fiscal 2007 in relation to these employees. The charge consisted of severance pay and extended medical and dental benefits coverage.

In April 2007, DeVry announced plans for an involuntary reduction in force (RIF) that further reduced its workforce by approximately 150 positions at its DeVry University campus-based operations. This resulted in an additional pre-tax charge in the fourth quarter of fiscal 2007 of approximately \$2.6 million that represented severance pay and benefits in relation to these employees.

Cash payments for the VSP began in the first quarter of fiscal year 2008 and will extend until the period of benefit coverage has expired. Cash payments for the RIF were \$1.1 million in the fourth quarter of fiscal 2007. These payments will extend until the period of benefit coverage has expired. Of the total amount accrued for the 2007 VSP and RIF, approximately \$5.1 million remained to be paid as of June 30, 2007.

### Gain on Sale of Assets

During fiscal year 2007, DeVry sold its facility located in West Hills, California for \$36.0 million. DeVry relocated its West Hills campus operations to a leased facility in nearby Sherman Oaks, California. In March 2007, DeVry sold unused land adjacent to its campus in Tinley Park, Illinois for \$1.9 million. In connection with these sales, DeVry recorded a pre-tax gain of approximately \$20.8 million (\$12.7 million, net of tax, or \$0.18 per share) during fiscal year 2007. These gains were separately classified in the Consolidated Statements of Income as a component of Total Costs and Expenses and were related to the DeVry University segment.

These transactions were executed as a part of DeVry's ongoing real estate optimization strategy, which involves evaluating DeVry's current facilities and locations in order to ensure the optimal mix of large campuses, small campuses and DeVry University centers to meet the demand of each market that it serves. This process also improves capacity utilization and enhances economic value. These plans may include actions such as reconfiguring large campuses; renegotiating lease terms; sub-leasing excess space and relocating to smaller locations within the same geographic area to increase market penetration. DeVry will also consider co-locating other educational offerings such as Chamberlain College of Nursing at DeVry University campuses. Future actions under this program could result in accounting gains and/or losses depending upon real estate market conditions, whether the facility is owned or leased and other market factors.

### Student Services and Administrative Expense

This expense category includes student recruiting and advertising costs, general and administrative costs, expenses associated with curriculum development, and the amortization expense of finite-lived intangible assets related to acquisitions of businesses.

Student Services and Administrative Expense grew by 11.1% to \$359.0 million during fiscal year 2007 as compared to fiscal year 2006. The increase in expenses represented additional investments in recruiting, advertising and systems to drive and support future growth in new student enrollments. High school presenters and advisors were added in



connection with DeVry University's strategy to increase enrollment of recent high school graduates. Also, admissions advisors were added during fiscal year 2007 to support the growing online program enrollments and at new DeVry University centers. Increased new student enrollments, as described above, at DeVry University, Becker Professional Review and Ross University are believed to be, in part, attributable to the higher level and effectiveness of this spending. In addition, expense attributed to stock-based awards included in Student Services and Administrative Expense increased during fiscal year 2007 as more new stock options were granted during this period.

Partially offsetting these increases in student recruiting expense was lower amortization of finite-lived intangible assets in connection with acquisitions of businesses, primarily related to Ross University. Amortization expense is included entirely in the Student Services and Administrative Expense category. For fiscal 2007, amortization expense for finite-lived intangible assets was \$6.8 million compared to \$9.9 million in fiscal year 2006.

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OPERATING INCOME

DeVry University

DeVry University generated operating income of \$38.4 million in fiscal 2007 as compared to \$18.4 million in fiscal 2006. Revenue increases and gross margin improvements were partially offset by increased spending on recruiting, advertising and systems infrastructure to drive future enrollment gains and enhance student services. Also contributing to the increase in operating income for fiscal year 2007 were the gains on the sale of assets of \$20.8 million, which were partially offset by the severance plan charges of \$6.3 million, as previously discussed.

Medical and Healthcare

Operating income of \$47.0 million for the Medical and Healthcare segment increased by approximately \$8.9 million, or 23.4%, from fiscal 2006. At Ross University, increases in student enrollments and tuition produced higher revenues and operating income for the current year as compared to the prior year periods even as faculty, staff and facilities were being added to accommodate future enrollment growth. Operating income at Chamberlain College of Nursing increased because of higher revenues from growing enrollments but was partially offset by costs associated with opening its new campus in Columbus, Ohio.

Professional and Training

Professional and Training operating income rose 42.6% to \$25.8 million during fiscal year 2007 as compared to fiscal year 2006. The increase in operating income was the result of higher revenues and improved operating leverage as discussed above. The increase was partially offset by a higher allocation of corporate expenses to this business segment, including information technology, human resources and legal, based upon the current usage of such services.

INTEREST

Fiscal year 2007 interest income of \$7.4 million was a significant increase over fiscal year 2006. The increase was attributable to higher levels of short-term investments with higher short-term interest rates as compared to the prior year.

Interest expense decreased \$5.4 million to \$4.8 million in fiscal year 2007 as compared to fiscal year 2006. The decrease in interest expense was attributable to lower average borrowings. The decrease was partially offset by the write-off of unamortized deferred financing costs related to the pre-payment of the Senior Notes and the change in the members of the bank group related to the Third Amendment to DeVry's revolving credit agreement. During July and October 2006, DeVry repaid the remaining Senior Notes totaling \$115 million. In connection with the debt prepayments, DeVry charged to expense approximately \$0.8 million of unamortized deferred financing costs in fiscal year 2007. During January 2007, DeVry amended its revolving credit agreement to, among other things, reduce the spread on applicable interest and fee rates; extend the remaining term from two to five years; revise and loosen certain financial covenants; and provide increased flexibility for acquisitions, dividends and/or share repurchase programs. DeVry deferred approximately \$0.2 million in financing costs incurred in relation to this refinancing and charged to expense approximately \$0.1 million of previously deferred financing costs.

INCOME TAXES

The effective tax rate was 27.4% for fiscal year 2007, compared to 25.1% for the fiscal year 2006. The higher effective income tax rate in fiscal year 2007 was primarily due to gains on the sale of the West Hills facility and excess land adjacent to the Tinley Park campus, which carried a tax rate of 39.1% and changes to prior and current

year income tax estimates for Ross University's domestic operations. These increases in the effective tax rate were partially offset by an increase in the relative proportion of earnings from Ross University's international operations to U.S. sourced income.

Earnings of Ross University's international operations are not subject to U.S. federal or state taxes and also are exempt from income taxes in the jurisdictions in which the schools operate. The medical and veterinary schools have agreements with the governments that exempt them from local taxation through the years 2043 and 2023, respectively. DeVry intends to indefinitely reinvest Ross University's international earnings and cash flow to improve and expand operations at the medical and veterinary schools, and pursue other business opportunities outside the United States. Accordingly, DeVry has not recorded a current provision for the payment of U.S. income taxes on these earnings.

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CRITICAL ACCOUNTING POLICIES

Note 2, Summary of Significant Accounting Policies, in the Notes to Consolidated Financial Statements for the fiscal year ended June 30, 2008, describes in more detail the method of application of significant accounting policies and should be read in conjunction with the discussion below.

Revenue Recognition

DeVry University tuition and technology fees, Ross University tuition for the basic science semesters, and Chamberlain College of Nursing tuition all are billed at the start of each academic term. The revenue is recognized ratably on a straight-line basis over that academic term. Revenue from Ross University clinical terms is recognized based upon the student's weekly schedule of actual attendance. Refunds of tuition and other charges are reported as a reduction of revenues. Textbook, electronic course materials and other educational supply sales, and commissions received on sales by bookstores (which are operated by an outside party), are recognized when the sale occurs.

Tuition revenue from Becker Professional Review is recognized ratably on a straight-line basis over the course term. Becker Professional Review self-study CD ROM and textbook and other educational product revenues are recognized when the sale occurs. Revenue from training services, which are generally short-term in duration, is recognized when the training service is provided.

Tuition revenue from Advanced Academics Inc. is recognized ratably on a straight-line basis over the course term.

Expense Recognition

Advertising costs are charged to expense in the period in which materials are purchased or services are rendered. Similarly, start-up expenses related to new operating locations and new curriculum development costs are charged directly to expense as incurred.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is determined by analyzing the current level of accounts receivable and loss rates on collections of accounts receivable. In addition, management considers projections of future receivable levels and collection loss rates. We perform this analysis periodically throughout the year. Provisions required to maintain the allowance at appropriate levels are charged to expense in each period as required.

Internally Developed Software

Selected costs associated with developing DeVry's information technology systems have been capitalized in accordance with the rules on accounting for costs of computer software developed for internal use in accordance with SOP 98-1.

Stock-Based Compensation

Effective with the start of fiscal 2006, stock-based compensation is recorded as compensation expense in accordance with SFAS 123(R). Accordingly, expenses relating to stock-based awards have been included in the various expense categories, as appropriate.

If factors change and different assumptions are employed in the application of SFAS 123(R) in future periods, the stock-based compensation expense that DeVry records may differ significantly from what was recorded in the prior

period.

Impairment of Goodwill and Other Intangible Assets