SEACOAST BANKING CORP OF FLORIDA
Form S-4
July 18, 2017
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As filed with the Securities and Exchange Commission on July 18, 2017

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SEACOAST BANKING CORPORATION OF FLORIDA

(Exact name of registrant as specified in its charter)

Florida	**6022**	**59-2260678**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

815 Colorado Avenue

Stuart, Florida 34994

(772) 287-4000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Dennis S. Hudson, III

Chief Executive Officer

Seacoast Banking Corporation of Florida

815 Colorado Avenue

Stuart, Florida 34994

(772) 287-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Randolph A. Moore III		
Alston & Bird LLP	**Scott Jacobsen**	**John N. Giordano**
One Atlantic Center	**NorthStar Banking Corporation**	**Bush Ross, P.A.**
1201 W. Peachtree Street	**400 North Ashley Drive, Suite 1400**	**1801 North Highland Avenue**
Atlanta, Georgia 30309	**Tampa, Florida 33602**	**Tampa, Florida 33602**
Telephone: (404) 881-7000	**Telephone: (813) 549-5000**	**Telephone: (813) 224-9255**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

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, non-accelerated filer, smaller reporting company and emergency growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 14e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to Be Registered**	**Proposed Maximum Offering Price Per Unit**	**Proposed Maximum Aggregate Offering Price (2)**	**Amount of Registration Fee (2)**
Common Stock $0.10 par value	1,212,839 (1)	Not applicable	$19,819,154.93	$2,297.04

(1) The maximum number of full shares issuable upon consummation of the transaction described herein. Pursuant to Rule 416, this registration statement also covers additional shares that may be issued as a result of stock splits, stock dividends or similar transactions.

(2) Computed in accordance with Rule 457(f)(2) solely for the purpose of calculating the registration fee and based upon $25,012,397.33 (the book value as of June 30, 2017 of the 2,163,851 shares of NorthStar Banking Corporation common stock to be acquired, which includes the total number of shares of NorthStar Banking Corporation common stock outstanding or issuable pursuant to options), minus $5,193,242.40 (the estimated amount of cash to be paid to NSBC s shareholders in the merger).

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 18, 2017

PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

To the Shareholders of NorthStar Banking Corporation:

On May 18, 2017, Seacoast Banking Corporation of Florida, or Seacoast, Seacoast National Bank, or SNB, NorthStar Banking Corporation, or NSBC, and NorthStar Bank entered into an Agreement and Plan of Merger (which we refer to as the merger agreement) that provides for the combination of our two banks. Under the merger agreement, NSBC will merge with and into Seacoast, with Seacoast as the surviving corporation (which we refer to as the merger). Immediately following the merger, NorthStar Bank will merge with and into SNB, with SNB as the surviving bank (which we refer to as the bank merger). The acquisition will expand Seacoast s presence in the attractive Tampa market and strengthen its position in the state.

In the merger, each share of NSBC common stock (except for specified shares of NSBC common stock held by NSBC, Seacoast or SNB and any dissenting shares) will be converted into the right to receive: (i) 0.5605 of a share of Seacoast common stock (the per share stock consideration); and (ii) $2.40 per share of NSBC common stock in cash (the per share cash consideration, and collectively with the per share stock consideration, the merger consideration). In the event that NSBC s consolidated tangible shareholders equity is less than NSBC s target consolidated tangible shareholders equity (defined in the merger agreement as $22.25 million, less any permitted expenses including (i) those incurred in connection with the merger and the bank merger and (ii) the fee payable to NSBC s financial advisor), then Seacoast shall have the option to adjust the merger consideration downward by an amount that equals the difference between NSBC s target consolidated tangible shareholders equity and NSBC s consolidated tangible shareholders equity.

The market value of the per share stock consideration will fluctuate with the market price of Seacoast common stock and other factors and will not be known at the time NSBC shareholders vote on the merger agreement. Based on the closing price of Seacoast s common stock on the NASDAQ Global Select Market on , 2017, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of NSBC common stock was approximately $. **We urge you to obtain current market quotations for Seacoast (trading symbol SBCF) because the value of the per share stock consideration will fluctuate.**

Based on the current number of shares of NSBC common stock outstanding, Seacoast expects to issue up to approximately million shares of common stock and pay $ in cash to NSBC shareholders in the aggregate upon completion of the merger. Upon completion of the merger, current NSBC shareholders will own approximately 2.3% of the common stock of Seacoast immediately following the merger. However, any increase or decrease in the number of shares of NSBC common stock outstanding that occurs for any reason prior to the completion of the merger will cause the actual number of shares issued upon completion of the merger to change.

NSBC will hold a special meeting of its shareholders in connection with the merger. Holders of NSBC common stock will be asked to vote to approve the merger agreement and related matters as described in this proxy statement/prospectus. NSBC shareholders will also be asked to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the merger agreement and related matters, as described in this proxy statement/prospectus.

The special meeting of NSBC shareholders will be held on , 2017 at , , Tampa, Florida, at local time.

NSBC s board of directors has determined and declared that the merger agreement, the merger and the transactions contemplated by the merger agreement, are advisable and in the best interests of NSBC and its shareholders, has unanimously authorized, adopted and approved the merger agreement, the merger and the transactions contemplated by the merger agreement and recommends that NSBC shareholders vote FOR the proposal to approve the merger agreement and FOR the proposal to adjourn the NSBC special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.

This document, which serves as a proxy statement for the special meeting of NSBC shareholders and as a prospectus for the shares of Seacoast common stock to be issued in the merger to NSBC shareholders, describes the special meeting of NSBC, the merger, the documents related to the merger and other related matters. **Please carefully read this entire proxy statement/prospectus, including Risk Factors, beginning on page 16, for a discussion of the risks relating to the proposed merger.** You also can obtain information about Seacoast from documents that Seacoast has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, NSBC shareholders should contact Scott Jacobsen, President and Chief Executive Officer, Rivergate Tower, 400 North Ashley Drive, Suite 1400, Tampa, Florida 33602 at (813) 549-5000. We look forward to seeing you at the meeting.

Scott Jacobsen
President and Chief Executive Officer

NorthStar Banking Corporation

Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, nor any state securities commission or any other bank regulatory agency has approved or disapproved the merger, the issuance of the Seacoast common stock to be issued in the merger or the other transactions described in this document or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either Seacoast or NSBC, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is , 2017, and it is first being mailed or otherwise delivered to the shareholders of NSBC on or about , 2017.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON , 2017

To the Shareholders of NorthStar Banking Corporation:

NorthStar Banking Corporation (NSBC) will hold a special meeting of shareholders at local time, on , 2017, at , Tampa, Florida , for the following purposes:

for holders of NSBC common stock to consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of May 18, 2017, by and among Seacoast Banking Corporation of Florida, Seacoast National Bank, NSBC and NorthStar Bank, pursuant to which NSBC will merge with and into Seacoast Banking Corporation of Florida, as more fully described in the attached proxy statement/prospectus; and

for holders of NSBC common stock to consider and vote upon a proposal to adjourn the NSBC special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.

We have fixed the close of business on , 2017 as the record date for the NSBC special meeting. Only holders of record of NSBC common stock at that time are entitled to notice of, and to vote at, the NSBC special meeting, or any adjournment or postponement of the NSBC special meeting. In order for the merger agreement to be approved, at least a majority of the outstanding shares of NSBC common stock must be voted in favor of the proposal to approve the merger agreement. The special meeting may be adjourned from time to time upon approval of holders of NSBC common stock without notice other than by announcement at the meeting of the adjournment thereof, and any and all business for which notices hereby given may be transacted at such adjourned meeting.

NSBC shareholders have appraisal rights under Florida state law entitling them to obtain payment in cash for the fair value of their shares, provided they comply with each of the requirements under Florida law, including not voting in favor of the merger agreement and providing notice to NSBC. For more information regarding appraisal rights, please see The Merger Appraisal Rights for NSBC Shareholders beginning on page .

Your vote is very important. We cannot complete the merger unless NSBC s shareholders approve the merger agreement.

Regardless of whether you plan to attend the NSBC special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope as described on the proxy card. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.

The enclosed proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger, including the merger agreement, and other related matters. We urge you to read the proxy statement/prospectus, including any documents incorporated in the proxy statement/prospectus by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or

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the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need help voting your shares of NSBC common stock, please contact Scott Jacobsen, President and Chief Executive Officer, at (813) 549-5000.

NSBC s board of directors has determined and declared that the merger agreement, the merger and the transactions contemplated by the merger agreement, are advisable and in the best interests of NSBC and its shareholders, has unanimously authorized, adopted and approved the merger agreement, the merger and the transactions contemplated by the merger agreement and recommends that NSBC shareholders vote FOR the proposal to approve the merger agreement and FOR the proposal to adjourn the NSBC special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement.

By Order of the Board of Directors,

Scott Jacobsen
President Chief Executive Officer

Tampa, Florida

, 2017

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WHERE YOU CAN FIND MORE INFORMATION

Seacoast Banking Corporation of Florida

Seacoast files annual, quarterly, current and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the SEC). You may read and copy any materials that Seacoast files with the SEC at its Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, Seacoast files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at http://www.sec.gov containing this information. You will also be able to obtain these documents, free of charge, from Seacoast by accessing Seacoast s website at www.seacoastbanking.com. Copies can also be obtained, free of charge, by directing a written request to:

Seacoast Banking Corporation of Florida

815 Colorado Avenue

P.O. Box 9012

Stuart, Florida 34994

Attn: Investor Relations

Telephone: (772) 288-6085

Seacoast has filed a Registration Statement on Form S-4 to register with the SEC up to 1,212,839 shares of Seacoast common stock to be issued pursuant to the merger. This proxy statement/prospectus is a part of that Registration Statement on Form S-4. As permitted by SEC rules, this proxy statement/prospectus does not contain all of the information included in the Registration Statement on Form S-4 or in the exhibits or schedules to the Registration Statement on Form S-4. You may read and copy the Registration Statement on Form S-4, including any amendments, schedules and exhibits, at the SEC s public reference room at the address set forth above. The Registration Statement on Form S-4, including any amendments, schedules and exhibits, is also available, free of charge, by accessing the websites of the SEC and Seacoast or upon written request to Seacoast at the address set forth above.

Statements contained in this proxy statement/prospectus as to the contents of any contract or other documents referred to in this proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the Registration Statement on Form S-4. This proxy statement/prospectus incorporates important business and financial information about Seacoast that is not included in or delivered with this document, including incorporating by reference documents that Seacoast has previously filed with the SEC. These documents contain important information about Seacoast and its financial condition. See Documents Incorporated by Reference beginning on page . These documents are available free of charge upon written request to Seacoast at the address listed above.

To obtain timely delivery of these documents, you must request them no later than , 2017 in order to receive them before the NSBC special meeting of shareholders.

Except where the context otherwise specifically indicates, Seacoast supplied all information contained in, or incorporated by reference into, this proxy statement/prospectus relating to Seacoast, and NSBC supplied all information contained in this proxy statement/prospectus relating to NSBC.

NSBC

NSBC does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (the Exchange Act), is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, and accordingly does not file documents and reports with the SEC.

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If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of NSBC common stock, please contact NSBC at:

NorthStar Banking Corporation

Rivergate Tower

400 North Ashley Drive, Suite 1400

Tampa, Florida 33602

Attention: Scott Jacobsen, Chief Executive Officer

Telephone: (813) 549-5000

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to give any information or make any representation about the merger or Seacoast or NSBC that differs from, or adds to, the information in this proxy statement/prospectus or in documents that are incorporated by reference herein and publicly filed with the SEC. Therefore, if anyone does give you different or additional information, you should not rely on it. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than the date of this proxy statement/prospectus, and you should not assume that any information incorporated by reference into this document is accurate as of any date other than the date of such other document, and neither the mailing of this proxy statement/prospectus to NSBC shareholders nor the issuance of Seacoast common stock in the merger shall create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction.

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We have not authorized any person to give any information or make any representation about the merger of Seacoast Banking Corporation of Florida or NorthStar Banking Corporation that differs from, or adds to, the information in this proxy statement/prospectus or in documents that are publicly filed with the SEC. Therefore, if anyone does give you different or additional information, you should not rely on it.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are answers to certain questions that you may have regarding the special meeting and merger. The parties urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document. In this proxy statement/prospectus we refer to Seacoast Banking Corporation of Florida as Seacoast, Seacoast National Bank as SNB and NorthStar Banking Corporation as NSBC.

Q: Why am I receiving this proxy statement/prospectus?

A: Seacoast, SNB, NSBC and NorthStar Bank have entered into an Agreement and Plan of Merger, dated as of May 18, 2017 (which we refer to as the merger agreement) pursuant to which NSBC will merge with and into Seacoast, with Seacoast continuing as the surviving company. Immediately following the merger, NorthStar Bank, a wholly owned bank subsidiary of NSBC, will merge with and into Seacoast s wholly owned bank subsidiary, SNB, with SNB continuing as the surviving bank and using the name Seacoast National Bank (the bank merger). A copy of the merger agreement is included in this proxy statement/prospectus as Appendix A.

The merger cannot be completed unless, among other things, a majority of the outstanding shares of NSBC common stock vote in favor of the proposal to approve the merger agreement.

In addition, NSBC is soliciting proxies from holders of NSBC common stock with respect to a proposal to adjourn the NSBC special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of such adjournment to approve such proposal.

NSBC will hold a special meeting to obtain these approvals. This proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the special meeting, and you should read it carefully. It is a proxy statement because NSBC s board of directors is soliciting proxies from its shareholders. It is a prospectus because Seacoast will issue shares of Seacoast common stock to holders of NSBC common stock in connection with the merger. The enclosed materials allow you to have your shares voted by proxy without attending the NSBC meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

Q: What will I receive in the merger?

A: If the merger is completed, for each share of NSBC common stock that you hold (other than dissenters shares) immediately prior to the effective time of the merger, you will receive: (1) 0.5605 of a share of Seacoast common stock, which we refer to as the exchange ratio (the per share stock consideration); and (2) $2.40 in cash (the per share cash consideration). The per share cash consideration, together with the per share stock consideration, is referred to as the merger consideration. If NSBC s consolidated tangible shareholders equity is less than $22.25 million (less permitted expenses), Seacoast shall have the option to adjust the merger consideration downward by the amount that equals the difference between $22.25 million (less permitted expenses) and NSBC s consolidated tangible shareholders equity.

Seacoast will not issue any fractional shares of Seacoast common stock in the merger. Rather, NSBC shareholders who would otherwise be entitled to a fractional share of Seacoast common stock upon the completion of the merger will instead receive cash (without interest) in an amount equal to such fractional part of a share of Seacoast common stock multiplied by the average closing price per share of Seacoast common stock on the NASDAQ Global Select Market for the five (5) trading day period preceding the closing date, less any applicable withholding taxes.

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Q: Will the value of the merger consideration change between the date of this proxy statement/prospectus and the time the merger is completed?

A: Yes, the value of the merger consideration will fluctuate between the date of this proxy statement/prospectus and the completion of the merger based upon the market value of Seacoast common stock and certain other adjustments. Any fluctuation in the market price of Seacoast common stock after the date of this proxy statement/prospectus will change the value of the shares of Seacoast common stock that NSBC shareholders will receive.

Q: How does NSBC s board of directors recommend that I vote at the special meeting?

A: NSBC s board of directors unanimously recommends that you vote FOR the proposal to approve the merger agreement and FOR the adjournment proposal.

Q: When and where is the special meeting?

A: The NSBC special meeting will be held at , Tampa, Florida, on , 2017, at local time.

Q: Who can vote at the special meeting of shareholders?

A: Holders of record of NSBC common stock at the close of business on , 2017, which is the date that the NSBC board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at the special meeting. You must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. If you hold your shares in street name through a bank, broker or other nominee, you must direct your bank, broker or other nominee how to vote in accordance with the instructions you have received from your bank, broker or other nominee. Street name shareholders who wish to vote in person at the special meeting will need to obtain a proxy form from the institution that holds their shares.

Q: What constitutes a quorum for the special meeting?

A: The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of NSBC common stock will constitute a quorum for the transaction of business. Abstentions, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What is the vote required to approve each proposal?

A: Approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of NSBC common stock entitled to vote on the merger agreement as of the close of business on , 2017, the record date for the special meeting. If you (1) fail to submit a proxy or vote in person at the special meeting, (2) mark ABSTAIN on your proxy, or (3) fail to instruct your bank, broker, or other nominee how to vote with respect to the proposal to approve the merger agreement, it will have the same effect as a vote AGAINST the proposal and no effect on the adjournment proposal. The adjournment proposal will be approved if the votes of NSBC common stock cast in favor of the adjournment proposal exceed the vote cast against the adjournment proposal.

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Q: Why is my vote important?

A: If you do not submit a proxy or vote in person, it may be more difficult for NSBC to obtain the necessary quorum to hold its special meeting. In addition, your failure to submit a proxy or vote in person, or abstention will have the same effect as a vote against approval of the merger agreement. The merger agreement must be approved by the affirmative vote of a majority of the outstanding shares of NSBC common stock entitled to vote on the merger agreement. NSBC s board of directors unanimously recommends that you vote FOR the proposal to approve the merger agreement.

Q: How many votes do I have?

A: You are entitled to one vote for each share of NSBC common stock that you owned as of the close of business on the record date. As of the close of business on the record date, shares of NSBC common stock were outstanding and entitled to vote at the NSBC special meeting.

Q: Do NSBC directors and executive officers have interests in the merger that are different from, or in addition to, my interests?

A: Yes. In considering the recommendation of the NSBC s board of directors with respect to the merger agreement, you should be aware that some of NSBC s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of NSBC s shareholders generally. Interests of certain officers and directors that may be different from or in addition to the interests of NSBC s shareholders include but are not limited to, the receipt of continued indemnification and insurance coverage under the merger agreement, the acceleration of the vesting of NSBC stock options and the receipt of cash payment in exchange for their cancellation, the payment of change in control payments to certain executives and the entry into employment agreements with Seacoast by certain executives.

Q: If my shares are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee automatically vote my shares for me?

A: No. Your bank, broker, or other nominee cannot vote your shares without instructions from you. You should instruct your bank, broker, or other nominee how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank, broker, or other nominee.

Q: What if I abstain from voting or fail to instruct my bank, broker, or other nominee?

A: If you (1) fail to submit a proxy or vote in person at the special meeting, (2) mark ABSTAIN on your proxy, or (3) fail to instruct your bank, broker, or other nominee how to vote with respect to the proposal to approve the merger agreement, it will have the same effect as a vote AGAINST the proposal. If you fail to submit a proxy or vote in person at the special meeting or mark ABSTAIN on your proxy with respect to the adjournment proposal, it will have no effect on such proposal.

Cash Received on Sale of Assets		6,100			8,727	
NET CASH USED IN INVESTING ACTIVITIES		(131,465	)		(51,414	)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from Exercise of Stock Options		6,014			6,236	
Proceeds from Stock Issued Under Employee Stock Purchase Plan		866			1,009	
Repurchase of Common Stock for Treasury		(18,672	)		-	
Cash Dividends Paid		(11,639	)		(10,941	)
Payments of Seller Financed Obligations		(5,978	)		(6,457	)
Payment of Debt Financing Fees		(3,472	)		-	
NET CASH USED IN FINANCING ACTIVITIES		(32,881	)		(10,153	)
Effects of Exchange Rate Differences		(1,094	)		(1,971	)
NET INCREASE IN CASH AND CASH EQUIVALENTS		43,927			199,671	
Cash and Cash Equivalents at Beginning of Period		358,188			197,144	
Cash and Cash Equivalents at End of Period	$	402,115		$	396,815	

Non-cash Investing and Financing Activity:				
Accretion of Noncontrolling Interest Put Option	$	2,237	$	5,108

The accompanying notes are an integral part of these consolidated financial statements.

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DEVRY EDUCATION GROUP INC.

Notes to Consolidated Financial Statements

(Unaudited)

NOTE 1: INTERIM FINANCIAL STATEMENTS

The interim consolidated financial statements include the accounts of DeVry Education Group Inc. (“DeVry Group”) and its wholly-owned and majority-owned subsidiaries. These financial statements are unaudited but, in the opinion of management, contain all adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition and results of operations of DeVry Group. The June 30, 2014 data that is presented is derived from audited financial statements.

The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in DeVry Group's Annual Report on Form 10-K for the fiscal year ended June 30, 2014, and DeVry Group’s Quarterly Report on Form 10-Q for the quarters ended September 30, 2014 and December 31, 2014, each as filed with the Securities and Exchange Commission.

The results of operations for the three and nine months ended March 31, 2015, are not necessarily indicative of results to be expected for the entire fiscal year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of DeVry Group and its wholly-owned and majority-owned domestic and foreign subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Where our ownership interest is less than 100 percent, the noncontrolling ownership interests are reported on our consolidated balance sheet. The noncontrolling ownership interest in our earnings is classified as “Net Income Attributable to Noncontrolling Interest” in our Consolidated Statements of Income. Unless indicated, or the context requires otherwise, references to years refer to DeVry Group’s fiscal years.

Cash and Cash Equivalents

Cash and cash equivalents can include time deposits, high-grade commercial paper, money market funds and banker's acceptances with original maturities of three months or less to DeVry Group. Short-term investment objectives are to minimize risk and maintain liquidity. These investments are stated at cost, which approximates fair value, because of their short duration or liquid nature. DeVry Group places its cash and temporary cash investments with highcredit-quality institutions. Cash and cash equivalent balances in U.S. bank accounts are generally in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash and cash equivalent balances at DeVry Brasil are generally in excess of the deposit insurance limits for Brazilian banks. DeVry Group has not experienced any losses on its cash and cash equivalents.

Management periodically evaluates the creditworthiness of the security issuers and financial institutions with which it invests and maintains deposit accounts.

Financial Aid and Restricted Cash

Financial aid and assistance programs, in which most American University of the Caribbean School of Medicine ("AUC"), Ross University School of Medicine ("RUSM"), Ross University School of Veterinary Medicine ("RUSVM"), Chamberlain College of Nursing ("Chamberlain"), Carrington College ("Carrington"), DeVry Brasil and DeVry University students participate are subject to political and governmental budgetary considerations. There is no assurance that such funding will be maintained at current levels. Extensive and complex regulations in the United States, Canada and Brazil govern all of the government financial assistance programs in which students participate. Administration of these programs is periodically reviewed by various regulatory agencies. Any regulatory violation could be the basis for disciplinary action, which could include the suspension, limitation or termination from such financial aid programs.

A significant portion of revenue is received from students who participate in government financial aid and assistance programs. Restricted cash represents amounts received from the federal and state governments under various student aid grant and loan programs and such restricted funds are held in separate bank accounts. Once the financial aid authorization and disbursement process for the student has been completed, the funds are transferred to unrestricted accounts, and these funds then become available for use in DeVry Group's operations. This authorization and disbursement process that precedes the transfer of funds generally occurs within the period of the academic term for which such funds were authorized.

As a requirement of continuing operations in Pennsylvania, DeVry Group is required to maintain a "minimum protective endowment" of at least $500,000. These funds are required as long as DeVry Group operates campuses in the state. DeVry Group accounts for these funds as restricted cash.

Revenue Recognition

DeVry University, Carrington, Chamberlain and DeVry Brasil tuition revenue is recognized on a straight-line basis over their respective applicable academic terms. In addition, AUC, RUSM and RUSVM basic science curriculum revenue is recognized on a straight-line basis over the academic term. The clinical portion of the AUC, RUSM and RUSVM education programs are conducted under the supervision of U.S. teaching hospitals and veterinary schools. AUC, RUSM and RUSVM are responsible for the billing and collection of tuition from their students during the period of clinical education. Revenue is recognized on a weekly basis based on actual program attendance during the period of the clinical program. Fees paid to the hospitals and veterinary schools for supervision of AUC, RUSM and RUSVM students are charged to expense on the same basis. Becker Professional Education ("Becker") live classroom and online tuition revenue is recognized on a straight-line basis over the applicable delivery period. The provision for refunds, which is reported as a reduction to Tuition Revenue in the Consolidated Statements of Income, is recognized in the same ratable fashion as revenue to most appropriately match these costs with the tuition revenue in that term.

Provisions for refunds were $10.4 million and $28.5 million for the three and nine months ended March 31, 2015, respectively, and $9.2 million and $26.6 million for the three and nine months ended March 31, 2014, respectively.

The allowance for uncollectible accounts is determined by analyzing the current aging of accounts receivable and historical loss rates on collections of accounts receivable. In addition, management considers projections of future receivable levels and collection loss rates. We monitor the inputs to this analysis periodically throughout the year. Provisions required to maintain the allowance at appropriate levels are charged to expense in each period as required. Provisions for uncollectible accounts, which are included in the Cost of Educational Services in the Consolidated Statements of Income, for the three and nine months ended March 31, 2015 were $12.5 million and $40.0 million, respectively, and for the three and nine months ended March 31, 2014 were $12.4 million and $32.7 million, respectively. The increase in the provision was the result of a larger number of DeVry University undergraduate students departing their programs compared to the prior year. These accounts are reserved at a higher rate based on historical collection loss experience.

Estimates of DeVry Group's expected refunds are determined at the outset of each academic term, based upon actual experience in previous terms. Inputs to this analysis include refunds issued, withdrawal rates and historical amounts owed by students for that portion of a term that was completed. Management reassesses collectability throughout the period revenue is recognized by the DeVry Group institutions, on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. For example, management reassesses collectability when a student withdraws from the institution. The provisions for refund are monitored and adjusted as necessary within the term and adjusted for actual refunds issued and withdrawn student accounts receivable balances at the completion of a term. If a student leaves school prior to completing a term, federal, state and/or Canadian provincial regulations and accreditation criteria permit DeVry Group to retain only a set percentage of the total tuition received from such student, which varies with, but generally equals or exceeds, the percentage of the term completed by such student. Payment amounts received by DeVry Group in excess of such set percentages of tuition are refunded to the student or the appropriate funding source. All refunds are netted against revenue during the applicable academic term. Reserves related to refunds and uncollectible accounts totaled $62.9 million and $45.9 million at March 31, 2015 and 2014, respectively.

Sales of textbooks, electronic course materials, and other educational products, including training services and the Becker self-study products, are included in Other Educational Revenue in the Consolidated Statements of Income. Textbook, electronic course materials and other educational product revenue is recognized when the sale occurs. Revenue from training services, which are generally short-term in duration, is recognized when the training service is provided. In addition, fees from international licensees of the Becker programs are included in Other Educational Revenue and recognized when confirmation of course delivery is received.

Internal-Use Software Development Costs

DeVry Group capitalizes certain internal-use software development costs that are amortized using the straight-line method over the estimated lives of the software, not to exceed seven years. Capitalized costs include external direct costs of equipment, materials and services consumed in developing or obtaining internal-use software and payroll-related costs for employees directly associated with the internal-use software development project. Capitalization of such costs ceases at the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software development costs for projects not yet complete are included as Construction in Progress in the Land, Building and Equipment section of the Consolidated Balance Sheets. Costs capitalized during the three and nine months ended March 31, 2015 were approximately $0.3 million and $0.9 million, respectively. As of March 31, 2015 and 2014, the net balance of capitalized software development costs was $32.7 million and $50.8 million, respectively.

Impairment of Long-Lived Assets

DeVry Group evaluates the carrying amount of its significant long-lived assets whenever changes in circumstances or events indicate that the value of such assets may not be fully recoverable. Events that may trigger an impairment analysis could include a decision by management to exit a market or a line of business or to consolidate operating locations. In fiscal years 2015 and 2014, management consolidated operations at several DeVry University, Chamberlain and Carrington locations. These decisions resulted in the pre-tax write-offs of approximately $1.1 million and $4.2 million of leasehold improvements and equipment during the three and nine months ended March 31, 2015, respectively, and $1.5 million during the nine months ended March 31, 2014. No write-offs occurred in the three months ended March 31, 2014. These write-offs are included in Restructuring Expenses in the Consolidated Statements of Income (see “Note 10-Restructuring Charges”). For a discussion of the impairment of goodwill and intangible assets see “Note 9-Intangible Assets”.

Perkins Program Fund

DeVry University and Carrington are required under U.S. federal aid program regulations to make contributions to the Perkins Student Loan Fund, most recently at a rate equal to 33% of new contributions by the U.S. federal government. No new U.S. federal contributions were received in the first nine months of fiscal year 2015 or in fiscal year 2014. DeVry Group carries its investment in such contributions at original value, net of allowances for expected losses on loan collections, of $2.6 million at each of March 31, 2015 and 2014. The allowance for future loan losses is based upon an analysis of actual loan losses experienced since the inception of the program. As previous borrowers repay their Perkins loans, their payments are used to fund new loans, thus creating a revolving loan fund. The U.S. federal contributions to this revolving loan program do not belong to DeVry Group and are not recorded in its financial statements. Under current law, upon termination of the program by the U.S. federal government or withdrawal from future program participation by DeVry University or Carrington, subsequent student loan repayments would be divided between the U.S. federal government and DeVry University or Carrington to satisfy their respective cumulative contributions to the fund.

Foreign Currency Translation

The financial position and results of operations of the RUSM and RUSVM and the AUC Caribbean operations are measured using the U.S. dollar as the functional currency. As such, there is no translation gain or loss associated with these operations. DeVry Brasil's operations, DeVry Group's Canadian operations and Becker's international operations are measured using the local currency as the functional currency. Assets and liabilities of these entities are translated to U.S. dollars using exchange rates in effect at the balance sheet dates. Income and expense items are translated at monthly average rates of exchange. The resultant translation adjustments are included in the component of Shareholders' Equity designated as Accumulated Other Comprehensive Loss. Transaction gains or losses during the three and nine months ended March 31, 2015 and 2014 were not material.

Noncontrolling Interest

DeVry Group maintains a 96.3% ownership interest in DeVry Brasil with the remaining 3.7% owned by members of the current DeVry Brasil senior management group. Prior to the June 2013 purchase of additional DeVry Brasil stock, DeVry Group's ownership percentage was 83.5%. Beginning July 1, 2015, DeVry Group has the right to exercise a call option and purchase any remaining DeVry Brasil stock from DeVry Brasil management. Likewise, DeVry Brasil management has the right to exercise a put option and sell its remaining ownership interest in DeVry Brasil to DeVry Group. Since the put option is out of the control of DeVry Group, authoritative guidance requires the noncontrolling interest, which includes the value of the put option, to be displayed outside of the equity section of the consolidated balance sheet.

The DeVry Brasil management put option is being accreted to its redemption value in accordance with the stock purchase agreement. The adjustment to increase or decrease the put option to its expected redemption value each reporting period is recorded to retained earnings in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). The adjustment to increase or decrease the DeVry Brasil noncontrolling interest each reporting period for its proportionate share of DeVry Brasil's profit/loss will continue to flow through the consolidated statements of income based on DeVry Group's noncontrolling interest accounting policy.

The following is a reconciliation of the noncontrolling interest balance (in thousands):

	Three Months Ended March 31,		**Nine Months Ended March 31,**	
	2015	**2014**	**2015**	**2014**
Balance at Beginning of period	$ 8,139	$ 5,975	$ 6,393	$ 854
Net Income Attributable to Noncontrolling Interest	84	19	470	227
Accretion of Noncontrolling Interest Put Option	877	195	2,237	5,108
Balance at End of period	$ 9,100	$ 6,189	$ 9,100	$ 6,189

Earnings per Common Share

Basic earnings per share is computed by dividing net income attributable to DeVry Group by the weighted average number of common shares outstanding during the period plus unvested participating restricted share units. Diluted earnings per share is computed by dividing net income attributable to DeVry Group by the weighted average number of shares assuming dilution. Dilutive shares are computed using the Treasury Stock Method and reflect the additional shares that would be outstanding if dilutive stock options were exercised during the period. Excluded from the computations of diluted earnings per share were options to purchase 617,000 and 825,000 shares of common stock for the three and nine months ended March 31, 2015, respectively, and 2,091,000 and 2,000,000 shares of common stock for the three and nine months ended March 31, 2014, respectively. These outstanding options were excluded because the option exercise prices were greater than the average market price of the common shares or the assumed proceeds upon exercise under the Treasury Stock Method resulted in the repurchase of more shares than would be issued; thus, their effect would be anti-dilutive.

The following is a reconciliation of basic shares to diluted shares (in thousands):

	Three Months Ended March 31,		**Nine Months Ended March 31,**	
	2015	**2014**	**2015**	**2014**
Weighted Average Shares Outstanding	63,773	63,389	63,801	63,241

Unvested Participating Restricted Shares	738	895	791	896
Basic Shares	64,511	64,284	64,592	64,137
Effect of Dilutive Stock Options	754	557	810	610
Diluted Shares	65,265	64,841	65,402	64,747

Treasury Stock

DeVry Group's Board of Directors (the "Board") has authorized stock repurchase programs on eight occasions (see "Note 7- Share Repurchase Programs"). The eighth repurchase program was approved on August 29, 2012 and commenced in November 2012. Share repurchases under this plan were suspended as of May 2013. In August 2014, the Board approved the extension of the eighth share repurchase program through December 31, 2015, and authorized the recommencement of repurchases under the program which began in September 2014. Shares that are repurchased by DeVry Group are recorded as Treasury Stock at cost and result in a reduction of Shareholders' Equity.

From time to time, shares of its common stock are delivered back to DeVry Group under a swap arrangement resulting from employees' exercise of incentive stock options pursuant to the terms of the DeVry Group Stock Incentive Plans (see "Note 4 – Stock-Based Compensation"). These shares are recorded as Treasury Stock at cost and result in a reduction of Shareholders' Equity.

Treasury shares are reissued on a monthly basis, at market value, to the DeVry Group Employee Stock Purchase Plan in exchange for employee payroll deductions. When treasury shares are reissued, DeVry Group uses an average cost method to reduce the Treasury Stock balance. Gains on the difference between the average cost and the reissuance price are credited to Additional Paid-in Capital. Losses on the difference are charged to Additional Paid-in Capital to the extent that previous net gains from reissuance are included therein, otherwise such losses are charged to Retained Earnings.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the period. Actual results could differ from those estimates.

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss is composed of the change in cumulative translation adjustment, primarily at DeVry Brasil, and unrealized gains and losses on available-for-sale marketable securities, net of the effects of income taxes.

The Accumulated Other Comprehensive Loss balance at March 31, 2015, consists of $79.1 million of cumulative translation losses ($76.1 million attributable to DeVry Group and $3 million attributable to noncontrolling interests) and $0.3 million of unrealized gains on available-for-sale marketable securities, net of tax and all attributable to DeVry Group. At March 31, 2014, this balance consisted of $19.7 million of cumulative translation losses ($19.0 million attributable to DeVry Group and $0.7 million attributable to noncontrolling interests) and $0.1 million of unrealized losses on available-for-sale marketable securities, net of tax and all attributable to DeVry Group.

Advertising Expense

Advertising costs are recognized as expense in the period in which materials are purchased or services are performed. Advertising expense, which is included in Student Services and Administrative Expense in the Consolidated Statements of Income, was $67.9 million and $199.7 million for the three and nine months ended March, 31 2015, respectively, and $63.8 million and $204.6 million for the three and nine months ended March 31, 2014, respectively.

Restructuring and Other Charges

DeVry Group financial statements include charges related to severance and related benefits for reductions in staff and voluntary separation plans. These charges also include early lease termination or cease-of-use costs and losses on disposals of property and equipment related to campus consolidations (see “Note 10-Restructuring Charges”).

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09: “Revenue from Contracts with Customers (Topic 606)”. This guidance was issued to clarify the principles for recognizing revenue and develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (“IFRS”). The guidance is effective for the fiscal years and interim periods within those years beginning after December 15, 2016. Management is evaluating the impact the guidance will have on DeVry Group’s consolidated financial statements.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08: “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity”. This guidance requires that only disposals representing a strategic shift in operations be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. The guidance is effective for the fiscal years beginning on or after December 15, 2014, and interim periods within those years beginning on or after December 15, 2015.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11: “Income Taxes (Topic 740): Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists”. This guidance requires an unrecognized tax benefit related to a net operating loss carryforward, a similar tax loss or a tax credit carryforward to be presented as a reduction to a deferred tax asset, unless the tax benefit is not available at the reporting date to settle any additional income taxes under the tax law of the applicable tax jurisdiction. The guidance was effective for the first quarter of fiscal year 2015 and its adoption did not have a significant impact on DeVry Group’s consolidated financial statements.

NOTE 3: DISCONTINUED OPERATIONS

In December 2013, the assets of DeVry Group's Advanced Academics Inc. ("AAI") subsidiary, which had previously been disclosed as "held for sale" were divested. These assets were sold for $2.0 million, which approximated the recorded net book value of the assets on the date of sale.

The operating results of AAI are separately disclosed in the Consolidated Statements of Income as "Discontinued Operations – Income (Loss) from Operations of Divested Component". The following is a summary of operating results of the discontinued operations for the three and nine months ended March 31, 2015 and 2014 (in thousands). The reported Income from Operations of Divested Component in the third quarter and first nine months of fiscal year 2015 is comprised of $1.0 million in pre-tax income from the net settlement of service agreements and an adjustment of $5.0 million related to correction of an error to properly record the income tax benefit on the impairment charge taken in the first quarter of fiscal year 2014.

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2015	**2014**	**2015**	**2014**
Income (Loss) from Operations of Divested Component	$ 1,011	$ (904)	$ 1,011	$ (4,463)
Asset Impairment Charge and Gain on Sale	-	-	-	(13,477)
Restructuring Expense	-	(30)	-	(705)
Income Tax Benefit	4,565	327	4,565	1,790
Income (Loss) from Discontinued Operations, Net of Income Taxes	$ 5,576	$ (607)	$ 5,576	$ (16,855)

NOTE 4: STOCK-BASED COMPENSATION

DeVry Group maintains four stock-based incentive plans: the 1999 Stock Incentive Plan, the 2003 Stock Incentive Plan, the Amended and Restated Incentive Plan of 2005 and the Second Amended and Restated Incentive Plan of 2013. Under these plans, directors, key executives and managerial employees are eligible to receive incentive stock or nonqualified options to purchase shares of DeVry Group's common stock. The Second Amended and Restated Incentive Plan of 2013 and the Amended and Restated Incentive Plan of 2005 also permit the granting of stock appreciation rights, restricted stock, performance stock and other stock and cash based compensation. Though options remain outstanding under the 1999, 2003 and 2005 incentive plans, no further stock based grants will be issued from these plans. The Second Amended and Restated Incentive Plan of 2013 and the Amended and Restated Incentive Plan of 2005 are administered by the Compensation Committee of the Board of Directors. Options are granted for terms of up to 10 years and can vest immediately or over periods of up to five years. The requisite service period is equal to the vesting period. The option price under the plans is the fair market value of the shares on the date of the grant.

DeVry Group accounts for stock-based compensation granted to retirement eligible employees that fully vests upon an employee's retirement under the non-substantive vesting period approach. Under this approach, the entire compensation cost is recognized at the grant date for stock-based grants issued to retirement eligible employees.

For non-retirement eligible employees, stock-based compensation cost is measured at grant date based on the fair value of the grant, and is recognized as expense over the employee requisite service period, reduced by an estimated forfeiture rate.

At March 31, 2015, 9,759,343 authorized but unissued shares of common stock were reserved for issuance under DeVry Group's stock incentive plans.

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The following is a summary of options activity for the nine months ended March 31, 2015:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value ($000)
Outstanding at July 1, 2014	3,362,287	$ 33.09		
Options Granted	238,100	43.53		
Options Exercised	(252,969)	28.04		
Options Forfeited	(40,879)	24.88		
Options Expired	(17,217)	42.90		
Outstanding at March 31, 2015	3,289,322	34.29	5.70	$ 15,867
Exercisable at March 31, 2015	2,212,577	$ 36.58	4.50	$ 8,608

The following is a summary of stock appreciation rights activity for the nine months ended March 31, 2015:

	Stock Appreciation Rights Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value ($000)
Outstanding at July 1, 2014	118,065	$ 42.87		
Rights Granted	-	-		
Rights Exercised	-	-		
Rights Canceled	-	-		
Outstanding at March 31, 2015	118,065	42.87	4.50	$ 55
Exercisable at March 31, 2015	103,874	$ 43.90	3.50	$ 27

The total intrinsic value of options exercised for the nine months ended March 31, 2015 and 2014 was $4.1 million and $4.2 million, respectively.

The fair value of DeVry Group’s stock option grants was estimated using a binomial model. This model uses historical cancellation and exercise experience of DeVry Group to determine the option value. It also takes into account the illiquid nature of employee options during the vesting period.

The weighted average estimated grant date fair values for options granted at market price under DeVry Group’s stock-based incentive plans during the first nine months of fiscal years 2015 and 2014 were $17.94 and $11.68, per share, respectively. The fair value of DeVry Group’s stock option grants were estimated assuming the following weighted average assumptions:

	Fiscal Year	
	2015	**2014**
Expected Life (in Years)	6.73	6.58
Expected Volatility	42.04 %	43.76 %
Risk-free Interest Rate	2.03 %	2.16 %
Dividend Yield	1.03 %	0.90 %
Pre-vesting Forfeiture Rate	3.00 %	3.00 %

The expected life of the options granted is based on the weighted average exercise life with age and salary adjustment factors from historical exercise behavior. DeVry Group’s expected volatility is computed by combining and weighting the implied market volatility, the most recent volatility over the expected life of the option grant, and DeVry Group’s long-term historical volatility. The pre-vesting forfeiture rate is based on DeVry Group’s historical stock option forfeiture experience.

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If factors change and different assumptions are employed in the valuation of stock-based grants in future periods, the stock-based compensation expense that DeVry Group records may differ significantly from what was recorded in previous periods.

During the first nine months of fiscal year 2015, DeVry Group granted 329,715 shares of restricted stock to selected employees and directors. Of these, 98,940 are performance-based shares which are earned by the recipients over a three-year period based on achievement of certain academic goals when a minimum level of DeVry Group return on invested capital is attained. The remaining 230,775 shares and all other previously granted shares of restricted stock are subject to restrictions which lapse ratably over one, three and four-year periods on the grant anniversary date based on the recipient's continued service on the Board of Directors or employment with DeVry Group, or upon retirement. During the restriction period, the recipient of the non-performance based shares shall have the right to receive dividend equivalents. This right does not pertain to the performance-based shares. The following is a summary of restricted stock activity for the nine months ended March 31, 2015:

	Restricted Stock Outstanding	**Weighted Average Grant Date Fair Value**
Nonvested at July 1, 2014	1,119,766	$ 26.49
Shares Granted	329,715	$ 43.67
Shares Vested	(378,781)	$ 30.35
Shares Forfeited	(64,970)	$ 29.59
Nonvested at March 31, 2015	1,005,730	$ 31.07

The weighted average estimated grant date fair values for restricted stock granted at market price under DeVry Group's stock-based incentive plans during the first nine months of fiscal years 2015 and 2014 were $43.67 and $28.92, per share, respectively.

The following table shows total stock-based compensation expense included in the Consolidated Statements of Income (in thousands):

	For the Three Months Ended March 31,		**For the Nine Months Ended March 31,**	
	2015	**2014**	**2015**	**2014**
Cost of Educational Services	$ 1,249	$ 1,220	$ 4,299	$ 4,375
Student Services and Administrative Expense	2,655	2,592	9,136	9,297
	3,904	3,812	13,435	13,672
Income Tax Benefit	(1,403)	(1,313)	(4,862)	(4,651)
Net Stock-Based Compensation Expense	$ 2,501	$ 2,499	$ 8,573	$ 9,021

As of March 31, 2015, $24.8 million of total pre-tax unrecognized compensation costs related to non-vested grants is expected to be recognized over a weighted average period of 2.3 years. The total fair value of options and shares vested during the nine months ended March 31, 2015 and 2014 was approximately $18.0 million and $16.8 million, respectively.

There were no capitalized stock-based compensation costs at each of March 31, 2015 and 2014.

DeVry Group has an established practice of issuing new shares of common stock to satisfy share option exercises. However, DeVry Group also may issue treasury shares to satisfy option exercises under certain of its plans.

NOTE 5: FAIR VALUE MEASUREMENTS

DeVry Group has elected not to measure any assets or liabilities at fair value other than those required to be measured at fair value on a recurring basis. Assets measured at fair value on a non-recurring basis include goodwill and intangible assets and assets of businesses where the long-term value of the operations have been impaired. Management has fully considered all authoritative guidance when determining the fair value of DeVry Group’s financial assets as of March 31, 2015.

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Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The guidance specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The guidance establishes fair value measurement classifications under the following hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2– Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

When available, DeVry Group uses quoted market prices to determine fair value, and such measurements are classified within Level 1. In some cases where market prices are not available, DeVry Group makes use of observable market-based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based parameters such as interest rates and yield curves. These measurements are classified within Level 3.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

Assets measured at fair value on a non-recurring basis include goodwill and indefinite-lived intangibles arising from a business combination. These assets are not amortized and charged to expense over time. Instead, goodwill and indefinite-lived intangibles must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. This impairment review was most recently completed in May of fiscal year 2014. See "Note 9 - Intangible Assets" for further discussion on the impairment review including valuation techniques and assumptions.

Assets measured at fair value in circumstances where the long-term value of a business has been impaired include the assets of AAI. During the first quarter of fiscal year 2014, it was determined that net assets of the AAI reporting unit had been impaired. This determination was made after review of third party offers to purchase the assets of the business. To determine the fair value of the AAI assets, management incorporated assumptions that a reasonable market participant would use regarding the impact of the current operating losses and the increased uncertainty impacting future operations. We used significant unobservable inputs (Level 3) in our analysis including third party offers received to acquire the assets of AAI along with estimated costs to dispose of the assets. Based on this analysis, the fair market value of the AAI assets less the costs to sell was determined to be approximately $2.0 million which was approximately $13.5 million less than the carrying value. As a result, management recorded a pre-tax $13.5 million asset impairment charge in the first quarter of fiscal year 2014. The assets of this business were sold in December 2013 for $2.0 million. See “Note 3 - Discontinued Operations” for further discussions on AAI.

The following tables present DeVry Group’s assets and liabilities at March 31, 2015, that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (in thousands).

	Level 1	**Level 2**	**Level 3**
Cash and Cash Equivalents	$402,115	$-	$ -
Available for Sale Investments:			
Marketable Securities, short-term	3,577	-	-
Institutional Student Loans Receivable, net		47,977	
Deferred Acquisition Obligations		27,371	
Total Financial Assets at Fair Value	$405,692	$75,348	$ -

Cash Equivalents and investments in short-term Marketable Securities are valued using a market approach based on the quoted market prices of identical instruments.

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The fair value of the institutional loans receivable included in Accounts Receivable, Net and Other Assets on the Consolidated Balance Sheet as of March 31, 2015 is estimated by discounting the future cash flows using current rates for similar arrangements. See “Note 6 - Financing Receivables” for further discussion on these institutional loans receivable.

The fair value of the deferred acquisition obligations is included in Accrued Expenses and Deferred Rent and Other liabilities on the Consolidated Balance Sheet as of March 31, 2015 is estimated by discounting the future cash flows using current rates for similar arrangements.

As of and for the nine months ended March 31, 2015, there were no assets or liabilities measured at fair value using Level 3 inputs. Below is a roll-forward of accrued contingent liabilities measured at fair value using Level 3 inputs for the three and nine months ended March 31, 2014 (dollars in thousands). The amount recorded as foreign currency translation gain for the three and nine months ended March 31, 2014 is classified as student services and administrative expense in the Consolidated Statements of Income (Loss).

	Three Months Ended March 31, 2014	**Nine Months Ended March 31, 2014**
Balance at Beginning of Period	$ 2,371	$ 2,509
Total Realized Gains (Losses) Included in Income:		
Foreign Currency Translation Changes	203	65
Unifavip Contingent Consideration Payment	(2,574)	(2,574)
Balance at End of Period	$ -	$ -

NOTE 6: FINANCING RECEIVABLES

DeVry Group’s institutional loan programs are available to students at its DeVry University, Chamberlain and Carrington institutions as well as selected students at AUC, RUSM and RUSVM. These loan programs are designed to assist the small percentage of students who are unable to completely cover educational costs by other means. These loans may be used for tuition, books, and fees, and are available only after all other student financial assistance has been applied toward those purposes. In addition, AUC, RUSM and RUSVM loans may be used for students’ living expenses. Repayment plans for institutional loan program balances are developed to address the financial circumstances of the particular student. Interest charges accrue each month on the unpaid balance. DeVry University, Chamberlain, and Carrington require that students begin repaying loans while they are still in school with a minimum payment level designed to assure interest does not accrue to the loan balance. Payments may increase upon completing or departing the program. After a student leaves school, the student typically will have a monthly installment repayment plan with all balances due within 12 to 60 months. In addition, the Becker CPA Review Course can be financed through Becker with zero percent, 18-month term loans.

Reserves for uncollectible loans are determined by analyzing the current aging of accounts receivable and historical loss rates of loans at each educational institution. Management performs this analysis periodically throughout the year. Since all of DeVry Group's financing receivables are generated through the extension of credit to students to fund educational costs, all such receivables are considered part of the same loan portfolio.

The following table details the institutional loan balances along with the related allowances for credit losses as of March 31, 2015 and 2014 (in thousands).

	As of March 31,			
	2015		**2014**	
Gross Institutional Student Loans		$67,199		$63,303
Allowance for Credit Losses				
Balance at Beginning of Period	$(19,204)		$(18,946)	
Charge-offs	7,231		7,214	
Recoveries	(519)		(530)	
Additional Provision	(6,730)		(6,830)	
Balance at End of Period		(19,222)		(19,092)
Net Institutional Student Loans		$47,977		$44,211

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Of the net balances above, $18.9 million and $19.5 million were classified as Accounts Receivable, Net in the Consolidated Balance Sheets at March 31, 2015 and 2014, respectively, and $29.1 million and $24.7 million, representing amounts due beyond one year, were classified in the Consolidated Balance Sheets as Other Assets at March 31, 2015 and 2014, respectively.

The following tables detail the credit risk profiles of the institutional student loan balances based on payment activity and provide an aging analysis of past due institutional student loans as of March, 2015 and 2014 (in thousands).

	As of March 31, 2015	**2014**
Institutional Student Loans:		
Performing	$49,573	$47,520
Nonperforming	17,626	15,783
Total Institutional Student Loans	$67,199	$63,303

	30-59 Days Past Due	**60-89 Days Past Due**	**90-119 Days Past Due**	**Greater Than 120 Days Past Due**	**Total Past Due**	**Current**	**Total Institutional Student Loans**
Institutional Student Loans:							
March 31, 2015	$ 4,321	$ 1,554	$ 1,217	$ 17,626	$ 24,718	$42,481	$ 67,199
March 31, 2014	$ 5,652	$ 1,169	$ 1,077	$ 15,783	$ 23,681	$39,622	$ 63,303

Loans are considered nonperforming if they are more than 120 days past due. At March 31, 2015, nonperforming loans totaled $17.6 million, of which $15.9 million had a specific allowance for credit losses. At March 31, 2014 nonperforming loans totaled $15.8 million, of which $10.3 had a specific allowance for credit losses.

NOTE 7: DIVIDENDS AND SHARE REPURCHASE PROGRAMS

The dividend paid on December 26, 2014 of $11.6 million was recorded as a reduction to retained earnings as of December 31, 2014. Future dividends will be at the discretion of the Board of Directors.

DeVry Group has repurchased shares under the following programs as of March 31, 2015:

Date Authorized	Shares Repurchased	Total Cost (millions)
November 15, 2006	908,399	$ 35.0
May 13, 2008	1,027,417	50.0
November 11, 2009	972,205	50.0
August 11, 2010	1,103,628	50.0
November 10, 2010	968,105	50.0
May 20, 2011	2,396,143	100.0
November 2, 2011	3,478,299	100.0
August 29, 2012	1,162,440	38.9
Totals	12,016,636	$ 473.9

On August 29, 2012, the DeVry Group Board of Directors (“Board”) authorized an eighth share repurchase program, which allowed DeVry Group to repurchase up to $100 million of its common stock through December 31, 2014. This program commenced in November 2012. Repurchases under this program were suspended in May 2013. In August 2014, the Board approved the extension of the eighth share repurchase program through December 31, 2015, and authorized the recommencement of repurchases under the program which began in September 2014. A total of 433,152 shares were repurchased during the nine months ended March 31, 2015 for $18.7 million. As of March 31, 2015, the total remaining authorization under this eighth repurchase program was $61.0 million. The timing and amount of any repurchase will be determined based on evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, in privately negotiated transactions, or otherwise. The buyback will be funded through available cash balances and/or borrowings and may be suspended or discontinued at any time.

Shares of stock repurchased under the programs are held as treasury shares. These repurchased shares have reduced the weighted average number of shares of common stock outstanding for basic and diluted earnings per share calculations.

NOTE 8: BUSINESS COMBINATIONS

Damásio Educacional

On February 2, 2015, DeVry Educacional do Brasil S/A (f/k/a Fanor-Faculdades Nordeste S/A), (“DeVry Brasil”) a subsidiary of DeVry Group completed the acquisition of Damásio Educacional (“Damasio”). Under the terms of the agreement DeVry Brasil agreed to pay approximately $81.4 million in cash, in exchange for the stock of Damasio. Approximately $66.0 million of payments were made in the third quarter of fiscal year 2015, with additional aggregate payments of approximately $15.4 million required over the succeeding five years. Damasio is a leader in bar exam test preparation and operates a law school. Damasio has a 44-year history in Brazil and serves more than 50,000 students through a network of approximately 220 learning centers located in many major cities throughout Brazil and through distance learning. The law school has three locations in São Paulo. The acquisition of Damasio establishes DeVry Brasil’s presence in São Paulo and the southeast of Brasil.

The operations of Damasio are included in DeVry Group’s International and Professional Education segment. The results of Damasio’s operations have been included in the Consolidated Financial Statements of DeVry Group since the date of acquisition.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands).

	At Feb 2, 2015
Current Assets	$ 9,747
Property and Equipment	3,367
Other Long-term Assets	136
Intangible Assets	46,862
Goodwill	55,492
Total Assets Acquired	115,604
Liabilities Assumed	34,262
Net Assets Acquired	$ 81,342

Goodwill, which represents the excess of cost over the fair value of the net tangible and intangible assets acquired, was all assigned to the DeVry Brasil reporting unit which is classified within the International and Professional Education segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include Damasio's strategic fit into DeVry Group's expanding presence in Brazil, the reputation of the educational programs and the acquired assembled workforce. None of the goodwill acquired is expected to be deductible for income tax purposes. Of the $46.9 million of acquired intangible assets, $19.3 million was assigned to Accreditations and $8.0 million was assigned to Trade Names, both of which have been determined not to be subject to amortization. The remaining acquired intangible assets were determined to be subject to amortization with an average useful life of approximately 8 years. The values and estimated useful lives by asset type are as follows (dollars in thousands):

	At Feb 2, 2015	
	Value Assigned	Estimated Useful Life
Franchise Contracts	$13,085	18 years
Student Relationships	5,294	6 years
Test Preparation Relationships	1,193	1 year

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

Faculdade Ideal

On January 2, 2015, DeVry Brasil completed the acquisition of Faculdade Ideal (“Faci”) which is located in Belém, Pará in northern Brazil. Under the terms of the agreement, DeVry Brasil agreed to pay approximately $0.1 million in cash, in exchange for the stock of Faci. The payment was made in the third quarter of fiscal year 2015. Faci serves approximately 2,500 students and offers undergraduate programs in high-demand career fields such as law, education, accounting, technology and engineering. The acquisition of Faci further expands DeVry Brasil’s presence in the northeast and northern areas of the country.

The operations of Faci are included in DeVry Group’s International and Professional Education segment. The results of Faci’s operations have been included in the Consolidated Financial Statements of DeVry Group since the date of acquisition.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands).

	At Jan 2, 2015
Current Assets	$ 1,052
Property and Equipment	6,049
Intangible Assets	6,754
Goodwill	1,657
Total Assets Acquired	15,512
Liabilities Assumed	15,402
Net Assets Acquired	$ 110

Goodwill, which represents the excess of cost over the fair value of the net tangible and intangible assets acquired, was all assigned to the DeVry Brasil reporting unit which is classified within the International and Professional Education segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include Faci’s strategic fit into DeVry Group’s expanding presence in northern Brazil, the reputation of the educational programs and the acquired assembled workforce. None of the goodwill acquired is expected to be deductible for income tax purposes. Of the $6.8 million of acquired intangible assets, $5.8 million was assigned to Accreditations and $1.0 million was assigned to Trade Names, both of which have been determined not to be subject to amortization. None of the acquired intangible assets were determined to be subject to amortization.

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

Faculdade Martha Falcao

On October 1, 2014, DeVry Brasil completed the acquisition of Faculdade Martha Falcao ("FMF") which is located in the city of Manaus in the state of Amazonas in northern Brazil. Under the terms of the agreement, DeVry Brasil agreed to pay approximately $11.4 million in cash, in exchange for the stock of FMF. The majority of payments were made in the second quarter of fiscal year 2015, with additional aggregate payments of approximately $1.6 million required over the succeeding two years. FMF serves approximately 3,500 students and offers undergraduate and graduate programs in business, accounting, law, information technology and engineering. The FMF acquisition further expands DeVry Brasil's presence in the northeast and now the northern areas of the country.

The operations of FMF are included in DeVry Group's International and Professional Education segment. The results of FMF's operations have been included in the Consolidated Financial Statements of DeVry Group since the date of acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands).

	At Oct 1, 2014
Current Assets	$ 890
Property and Equipment	1,505
Other Long-term Assets	36
Intangible Assets	5,249
Goodwill	10,115
Total Assets Acquired	17,795
Liabilities Assumed	6,336
Net Assets Acquired	$ 11,459

Goodwill, which represents the excess of cost over the fair value of the net tangible and intangible assets acquired, was all assigned to the DeVry Brasil reporting unit which is classified within the International and Professional Education segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include FMF's strategic fit into DeVry Group's expanding presence in north and northeast Brazil, the reputation of the educational programs and the acquired assembled workforce. None of the goodwill acquired is expected to be deductible for income tax purposes. Of the $5.2 million of acquired intangible assets, $4.1 million was assigned to Accreditations and $1.0 million was assigned to Trade Names, both of which have been determined not to be subject to amortization. The remaining acquired intangible asset was determined to be subject to amortization with an average useful life of approximately two years. Its value and estimated useful life by asset type is as follows (dollars in thousands):

	At Oct 1, 2014	
	Value Assigned	Estimated Useful Life
Curriculum	$121	2 years

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

<u>Faculdade Diferencial Integral</u>

On July 1, 2013, DeVry Brasil acquired the stock of Faculdade Diferencial Integral ("Facid"), located in the state of Piaui, Brazil, for approximately $16.1 million in cash. In addition, DeVry Brasil is required to make additional aggregate payments of approximately $9.0 million over the next three years. Facid serves approximately 2,900 students at two campuses in the city of Teresina, and offers degree programs primarily in healthcare, including a Doctor of Medicine (M.D.) program. Facid also offers undergraduate degrees in other healthcare fields such as nursing, pharmacy, and dentistry, as well as a law program.

The operations of Facid are included in DeVry Group's International and Professional Education segment. The results of Facid's operations have been included in the Consolidated Financial Statements of DeVry Group since the date of acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands).

	At July 1, 2013
Current Assets	$ 4,699
Property and Equipment	2,037
Other Long-term Assets	167
Intangible Assets	17,723
Goodwill	8,238
Total Assets Acquired	32,864
Liabilities Assumed	16,801
Net Assets Acquired	$ 16,063

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Goodwill, which represents the excess of cost over the fair value of the net tangible and intangible assets acquired, was all assigned to the DeVry Brasil reporting unit which is classified within the International and Professional Education segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include Facid's strategic fit into DeVry Group's expanding presence in north and northeast Brazil, the reputation of the educational programs and the acquired assembled workforce. None of the goodwill acquired is expected to be deductible for income tax purposes. Of the $17.7 million of acquired intangible assets, $15.2 million was assigned to Accreditations and $1.9 million was assigned to Trade Names, both of which have been determined not to be subject to amortization. The remaining acquired intangible asset was determined to be subject to amortization with an average useful life of approximately 15 years. Its value and estimated useful life by asset type is as follows (dollars in thousands):

	At July 1, 2013	
	Value Assigned	Estimated Useful Life
Clinical Agreement	$583	15 years

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

NOTE 9: INTANGIBLE ASSETS

Intangible assets relate mainly to acquired business operations. These assets consist of the acquisition fair value of certain identifiable intangible assets acquired and goodwill. Goodwill represents the excess of the purchase price over the fair value of assets acquired less liabilities assumed.

Intangible assets consist of the following (in thousands):

	As of March 31, 2015		
	Gross Carrying Amount	**Accumulated Amortization**	**Weighted Avg. Amortization Period**
Amortizable Intangible Assets:			
Student Relationships	$ 82,754	$ (77,946)	(a)
Customer Relationships	3,294	(1,245)	12 Years
Test Prep Relationships	1,006	(168)	1 Year
Non-compete Agreements	2,467	(2,091)	5 Years
Curriculum/Software	3,026	(2,381)	(b)
Outplacement Relationships	3,900	(1,699)	15 Years

Franchise Contracts	11,032	(102)	18 Years
Clinical Agreements	409	(48)	15 Years
Trade Names	5,092	(4,616)	8.5Years
Total	$ 112,979	$ (90,294)	
Indefinite-lived Intangible Assets:			
Trade Names	$ 47,864		
Trademark	1,645		
Ross Title IV Eligibility and Accreditations	14,100		
Intellectual Property	13,940		
Chamberlain Title IV Eligibility and Accreditations	1,200		
Carrington Title IV Eligibility and Accreditations	67,200		
AUC Title IV Eligibility and Accreditations	100,000		
DeVry Brasil Accreditation	56,367		
Total	$ 302,315		

(a) The total weighted average estimated amortization period for Student Relationships is 6 years for Faculdade Boa Viagem ("FBV"), 5 years for Centro Universitario do Vale do Ipojuca ("Unifavip"), 4 years for AUC, and 6 years for Damasio.

(b) The total weighted average estimated amortization period for Curriculum is 5 years for Becker and 2 years for DeVry Brasil.

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	As of March 31, 2014	
	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:		
Student Relationships	$ 81,460	$ (78,401)
Customer Relationships	3,650	(1,019)
Non-compete Agreements	2,522	(1,958)
Curriculum/Software	5,674	(4,693)
Outplacement Relationships	3,900	(1,439)
Clinical Agreements	576	(29)
Trade Names	5,808	(4,968)
Total	$ 103,590	$ (92,507)
Indefinite-lived Intangible Assets:		
Trade Names	$ 40,826	
Trademark	1,645	
Ross Title IV Eligibility and Accreditations	14,100	
Intellectual Property	13,940	
Chamberlain Title IV Eligibility and Accreditations	1,200	
Carrington Title IV Eligibility and Accreditations	67,200	
AUC Title IV Eligibility and Accreditations	100,000	
DeVry Brasil Accreditation	44,503	
Total	$ 283,414	

Amortization expense for amortized intangible assets was $1.2 million and $2.5 million for the three and nine months ended March 31, 2015, respectively, and $1.6 million and $4.9 million for the three and nine months ended March 31, 2014, respectively. Estimated amortization expense for amortizable intangible assets for the next five fiscal years ending June 30, by reporting unit, is as follows (in thousands):

Fiscal Year	AUC	Becker	DeVry Brasil	Carrington	Total
2015	$ 387	$ 883	$ 2,314	$ 260	$ 3,844
2016	-	851	3,213	260	4,324
2017	-	601	1,621	260	2,481
2018	-	329	1,312	260	1,901
2019	-	329	1,165	260	1,754
Thereafter	-	649	8,968	1,096	10,713

All amortizable intangible assets except Student Relationships are being amortized on a straight-line basis. The amount being amortized for Student Relationships is based on the estimated progression of the students through the respective AUC, FBV and Unifavip programs, giving consideration to the revenue and cash flow associated with both existing students and new applicants.

Indefinite-lived intangible assets related to trademarks, trade names, Title IV eligibility, accreditations and intellectual property are not amortized, as there are no legal, regulatory, contractual, economic or other factors that limit the useful life of these intangible assets to the reporting entity.

In accordance with U.S. GAAP, goodwill and indefinite-lived intangibles arising from a business combination are not amortized and charged to expense over time. Instead, these assets must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. An annual impairment review was most recently completed on May 31, 2014. As of the May 31, 2014 impairment review, there was no impairment loss associated with recorded goodwill or indefinite-lived intangible assets for any reporting unit, as estimated fair values exceeded the carrying amounts.

Management considers certain triggering events when evaluating whether an interim impairment analysis is warranted. Among these would be a significant long-term decrease in the market capitalization of DeVry Group based on events specific to DeVry Group’s operations. Deteriorating operating results and current period and projected future operating results that negatively differ from the operating plans used in the most recent impairment analysis are also triggering events that could be cause for an interim impairment review. In its analysis of triggering events management also considers changes in the accreditation, regulatory or legal environment; increased competition; innovation changes and changes in the market acceptance of our educational programs and the graduates of those programs, among others. Management concluded that no triggering event had occurred during the first nine months of fiscal year 2015.

This interim triggering event analysis was based, in part, on the fact that the estimated fair values of DeVry Group’s reporting units exceeded their carrying values by at least 24% as of the May 2014 annual impairment assessment, except that of Carrington where the excess was 5%. The estimated fair values of the indefinite-lived intangible assets exceeded their carrying values by no less than 13% as of the end of fiscal year 2014.

Though the DeVry University reporting unit experienced a decline in revenue in the first nine months of fiscal year 2015 as compared to the first nine months of fiscal year 2014, management does not believe business conditions have deteriorated such that it was more likely than not that the fair value was below carrying value for this reporting unit or its associated indefinite-lived intangible assets during the first nine months of fiscal year 2015. At DeVry University, which carries a goodwill balance of $22.2 million and intangible assets of $1.6 million, revenue declined in the first nine months of fiscal year 2015 by approximately 13.5% from the year-ago period and operating earnings before special charges in the first nine months of fiscal year 2015 declined by 38.6% from the year-ago period. The revenue and operating earnings declines at DeVry University were primarily the result of a decline in undergraduate student enrollments and graduate coursetakers due to lower demand among the university’s target segment of students, believed to be driven by heightened competition, the availability of lower cost degrees, perceptions of the value of a college degree and increased reluctance to take on debt.

To address the issue of declining enrollment, DeVry University is implementing a transformation strategy which includes both, near-term actions to improve enrollments, and longer-term investments to increase competitiveness and differentiation. This involves focusing on fewer specific core markets, updating the DeVry University brand, specifically investing in local markets where the university has the best competitive positioning and implementing new, student-focused teaching and service innovations designed to attract students.

In the near term, the goal is to sustain positive economics and to re-set DeVry University for long-term profitability. Three key actions are being implemented to achieve these results:

- Further reduce the physical footprint of DeVry University. Management has identified a set of local markets where the institution has relatively stronger competitive positions. In these markets DeVry University will invest in tailored communications and marketing plans. Another 14 locations will move to an online-only model. These locations were selected because many students in these markets were already studying online. The reduction of DeVry University's campus footprint and related staff reductions will enable the university to invest in its core markets.

- Further reduce DeVry University's cost structure. While marketing spending will increase in the focused local markets, overall marketing spending in other areas will be reduced. In total, operating cost savings of over $125 million are projected in fiscal year 2016. From fiscal year 2013 through fiscal year 2015, DeVry University's cost structure will have been reduced by more than $300 million by aligning its cost structure with enrollments, while continuing to enhance quality and service.

- Re-launch the DeVry University brand with a new communications campaign to establish a distinct voice for the brand and to instill pride among the students it serves.

Over the long term, management's goal is to transform DeVry University by bolstering its value proposition and student experience. This will help DeVry University better compete in the ever-changing higher education landscape. This initiative will focus on four strategies:

- Differentiating DeVry University's teaching and learning model by investing in new educational technologies. This builds on a long tradition of innovation in education to make it more accessible to students with diverse needs and backgrounds.
- Improving the DeVry University teaching and learning model by revitalizing the content and structure of courses. This is accomplished through a programmatic focus which ensures each program is designed to best meet the needs of DeVry University's students and employers and better communicates each program's value propositions to the market.
- Improving the affordability of DeVry University's programs with a pricing strategy that meets student needs and helps students achieve their goals of finishing their education. A key element of pricing optimization is the strategic use of scholarships to enhance the value proposition DeVry University provides its students. DeVry University scholarships have two objectives: attracting new students and improving student persistence.
- Strengthening employer relationships via a "workforce solutions" initiative. This means providing a more integrated solution to help employers attract, develop and retain the best talent.

In aligning the cost structure, management is focused on increasing efficiencies. Over the past year DeVry University has reduced costs through staffing adjustments; managing open positions; consolidating locations; optimizing course scheduling to better utilize classrooms; and lowering course materials costs. Management made the decision to close or consolidate certain DeVry University campuses while balancing the potential impact on enrollment and student satisfaction. Since the beginning of fiscal year 2014, DeVry University has closed 17 campus locations and completed 13 campus size reductions. There are plans for 14 additional closures and space reductions. DeVry University operates 82 campus locations as of the commencement of the March 2015 session.

Management believes its planned operational strategies will stabilize the negative enrollment trends over the next several years. Cost reduction initiatives since fiscal year 2012 have reduced operating expenses and shifted costs to a more variable model. However, if operating improvements are not realized, all or some of the goodwill could be impaired in the future. The impairment review completed in the fourth quarter of fiscal year 2014 indicated the fair value exceeded the carrying value of the DeVry University reporting unit by 24%. Due to the effects of continually declining enrollments, this excess margin has been rapidly declining in recent periods. The actual operating results of DeVry University for the first nine months of fiscal year 2015 are less than the fiscal year 2015 operating plan. As a result of this change in circumstances, management reviewed the May 2014 impairment analysis for DeVry University using revised forecasted operating results. This update indicated the fair value had further declined but still exceeded the carrying value of the DeVry University reporting unit by approximately 14%. Should business conditions at DeVry University deteriorate to the point where the carrying value of this reporting unit exceeds its fair value, then goodwill and intangible assets could be impaired. This could require a write-off of up to $23.8 million.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates which could lead to additional impairments of intangible assets.

At March 31, 2015 intangible assets from business combinations totaled $325 million, and goodwill totaled $561.4 million. Together, these assets equaled approximately 41% of total assets as of such date, and any impairment could significantly affect future results of operations.

The table below summarizes goodwill balances by reporting unit as of March 31, 2015 (in thousands):

Reporting Unit	**As of March 31, 2015**	
American University of the Caribbean School of Medicine	$	68,321
Ross University School of Medicine and Ross University School of Veterinary Medicine		237,173
Chamberlain College of Nursing		4,716
Carrington College		98,784
DeVry Brasil		97,687
Becker Professional Education		32,529
DeVry University		22,196
Total	$	561,406

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The table below summarizes goodwill balances by reporting segment as of March 31, 2015 (in thousands):

Reporting Segment:	**As of March 31, 2015**
Medical and Healthcare	$ 408,994
Business, Technology and Management	22,196
International and Professional Education	130,216
Total	$ 561,406

The table below summarizes the changes in the carrying amount of goodwill, by segment as of March 31, 2015 (in thousands):

	Medical and Healthcare	**Business, Technology and Management**	**International and Professional Education**	**Total**
Balance at June 30, 2012	$ 462,088	$ 22,196	$ 65,677	$549,961
Acquisitions	-	-	16,120	16,120
Impairments	(53,094)	-	-	(53,094)
Foreign currency exchange rate changes			(4,050)	(4,050)
Balance at June 30, 2013	$ 408,994	$ 22,196	$ 77,747	$508,937
Acquisitions	-	-	9,675	9,675
Foreign currency exchange rate changes	-	-	1,267	1,267
Balance at June 30, 2014	$ 408,994	$ 22,196	$ 88,689	$519,879
Acquisitions	-	-	67,264	67,264
Foreign currency exchange rate changes	-	-	(25,737)	(25,737)
Balance at March 31, 2015	$ 408,994	$ 22,196	$ 130,216	$561,406

The net increase in the goodwill balance from June 30, 2014 in the International and Professional Education segment is the result of the addition of goodwill of $10.1 million, $1.7 million and $55.5 million from the acquisitions of FMF, Faci and Damasio, respectively. This was partially offset by changes in the value of the Brazilian Real and British Sterling Pound as compared to the U.S. dollar. See "Note 8- Business Combinations" for further explanation of the acquisition of FMF, Faci and Damasio. Since DeVry Brasil and Becker Europe goodwill is recorded in each group's respective local currency, fluctuations in the respective local currency's value in relation to the U.S. dollar will cause changes in the balance of this asset.

The table below summarizes the indefinite-lived intangible asset balances by reporting segment as of March 31, 2015 (dollars in thousands):

	As of March 31, 2015
Reporting Segment	
Medical and Healthcare	$ 204,700
International and Professional Educational	95,970
Business, Technology and Management	1,645
Total	$ 302,315

Total indefinite-lived intangible assets increased by $17.0 million from June 30, 2014. The increase mainly due to the addition of $5.1 million, $6.8 million and $27.3 million of indefinite-lived intangible assets associated with the acquisitions of FMF, Faci, and Damasio, respectively. This increase was partially offset by a change in the value of the Brazilian Real as compared to the U.S. dollar. Since DeVry Brasil intangible assets are recorded in the local Brazilian currency, fluctuations in the value of the Brazilian Real in relation to the U.S. dollar will cause changes in the balance of these assets.

NOTE 10: RESTRUCTURING CHARGES

For the three and nine months ending March 31, 2015, DeVry Group recorded pre-tax charges related to real estate consolidations of $5.9 million and $16.9 million, respectively. Also, DeVry University implemented a Voluntary Separation Plan (“VSP”) and a reduction in force (“RIF”) in the first nine months of fiscal year 2015. These actions reduced DeVry University’s workforce by 298 total positions and resulted in pre-tax charges for the three and nine months ending March 31, 2015 of $1.1 million and $13.6 million. Restructuring charges were allocated to segment costs in the first nine months of fiscal year 2015 as follows: $4.5 million to Medical and Healthcare and $26.0 million to Business Technology and Management.

During the first nine months of fiscal year 2014, DeVry Group implemented a VSP that reduced its workforce by 66 positions across DeVry University and the DeVry Group home office. This resulted in a pre-tax charge of $10.4 million in the nine month period that represented severance pay and benefits for these employees. In addition, charges related to real estate consolidation of $6.0 million were recorded during the first nine months of fiscal year 2014. These restructuring costs were allocated to the following DeVry Group segments: $8.0 million to Business, Technology and Management, $5.5 million to Medical and Healthcare and $2.9 million to the DeVry Group home office, which is classified as “Home Office and Other” in “Note 14 - Segment Information” to the consolidated financial statements of this Form 10-Q.

The following table summarizes the separation and restructuring plan activity for the fiscal years 2015 and 2014, for which cash payments are required (dollars in millions):

Liability balance at June 30, 2013	$13.2
Increase in liability (separation and other charges)	30.0
Reduction in liability (payments and adjustments)	(21.9)
Liability balance at June 30, 2014	21.3
Increase in liability (separation and other charges)	26.3
Reduction in liability (payments and adjustments)	(19.0)
Liability balance at March 31, 2015	$28.6

Of this liability balance, $16.1million is recorded as Accrued Expenses and $12.5 million is recorded as Deferred Rent and Other liabilities in the Consolidated Balance Sheet at March 31, 2015. These liability balances primarily represent rent accruals and costs for employees that have either not yet separated from DeVry Group or their full severance has not yet been paid. All of these remaining costs are expected to be paid over the next 12 months except for rent charges which may be paid out for periods of up to nine years.

NOTE 11: INCOME TAXES

Taxes on income from continuing operations were 13.2% and 13.7% for the third quarter and first nine months of fiscal year 2015, respectively, compared to 18.7% and 16.9% for the third quarter and first nine months of fiscal year 2014. DeVry Group's effective income tax rate reflects benefits derived from significant operations outside the United States. Earnings of these international operations are not subject to U.S. federal or state income taxes, so long as such earnings are not repatriated, as discussed below. Four of DeVry Group's operating units, AUC, which operates in St. Maarten, RUSM, which operates in the Commonwealth of Dominica, RUSVM, which operates in the Federation of St. Christopher, Nevis, St. Kitts in the West Indies, and DeVry Brasil, which operates in Brazil, all benefit from local tax incentives. AUC's effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. Both of these agreements have been extended to provide, in the case of RUSM, an indefinite period of exemption and, in the case of RUSVM, exemption until 2037. DeVry Brasil's effective tax rate reflects benefits derived from its participation in PROUNI, a Brazilian program for providing scholarships to a portion of its undergraduate students.

DeVry Group has not recorded a U.S. federal or state tax provision for the undistributed earnings of its international subsidiaries. It is DeVry Group's intention to indefinitely reinvest accumulated cash balances, future cash flows and post-acquisition undistributed earnings and profits to improve the facilities and operations of its international schools and pursue future opportunities outside the United States. In accordance with this plan, cash held by the international subsidiaries will not be available for general company purposes and under current laws will not be subject to U.S. taxation. As of March 31, 2015 and 2014, cumulative undistributed earnings attributable to international operations were approximately $741.0 million and $608.4 million, respectively.

As of March 31, 2015 the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, was $7.0 million. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $7.0 million. As of March 31, 2014, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of benefits, was $9.3 million and, if recognized, the total amount would impact the effective tax rate.

We expect that our unrecognized tax benefits will decrease during fiscal year 2015. During the first nine months of fiscal year 2015 the balance decreased by approximately $2.6 million due to the settlement of various audits and the lapsing of statutes of limitation. We do not anticipate a material change in the balance in the next 12 months. DeVry Group classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The total amount of interest and penalties accrued as of March 31, 2015 and March 31, 2014 was $1.5 million and $1.4 million, respectively.

NOTE 12: DEBT

DeVry Group had no outstanding borrowings under its credit facility at March 31, 2015 and March 31, 2014. DeVry Group does have liabilities recorded for deferred purchase price agreements with sellers related to the purchases of FBV, Facid, Joao Pessoa, FMF and Damasio (see “Note 8 - Business Combinations” for discussion of the Facid, FMF and Damasio acquisitions). This financing is in the form of holdbacks of a portion of the purchase price of these acquisitions or installment payments. Payments are made under these agreements based on payment schedules.

Revolving Credit Facility

DeVry Group entered into a revolving credit facility on March 31, 2015 which expires on March 31, 2020. This facility replaced a similar facility that was to expire on May 10, 2016. The Credit Agreement provides for a five-year multi-currency revolving credit facility in the amount of $400 million (the “Aggregate Commitment”) with availability in currencies other than United States dollars of up to $200 million. Up to $50 million of the Aggregate Commitment will be available for letters of credit. Subject to certain conditions set forth in the Credit Agreement, the Aggregate Commitment may be increased up to $550 million. DeVry Group may select interest rates for borrowings under the Credit Agreement equal to LIBOR or a LIBOR-equivalent rate for Eurocurrency Rate Loans or a base rate, plus an applicable rate based on the DeVry Group’s consolidated leverage ratio, as defined in the Credit Agreement. The applicable rate ranges from 2% to 3% for Eurocurrency Rate Loans and from 1% to 2% for Base Rate Loans. There are no required principal payments under this revolving credit agreement and all borrowings and letters of credit mature in March of 2020. As a result of the agreement extending beyond one year, any borrowings would be classified as long-term with the exception of amounts expected to be repaid in the 12 months subsequent to the balance sheet date. DeVry Group letters of credit outstanding under this agreement were $0.1 million as of March 31, 2015, and were $7.8 million as of March 31, 2014 under the previous agreement. As of March 31, 2015, DeVry Group is charged an annual fee equal to 2.0% of the undrawn face amount of the outstanding letters of credit under the agreement, payable quarterly. The agreement also requires payment of a commitment fee equal to 0.35% of the undrawn portion of the credit facility as of March 31, 2015. The interest rate, letter of credit fees and commitment fees are adjustable quarterly, based upon DeVry Group's achievement of certain financial ratios.

DeVry Group recorded deferred financing fees of $3.5 million in relation to the revolving credit facility entered into on March 31, 2015 and expensed $0.8 million of unamortized fees related to the previous credit agreement. This expense is classified as Interest Expense in the Consolidated Statements of Income for the three and nine months ended March 31, 2015.

The revolving credit agreement contains covenants that, among other things, require maintenance of certain financial ratios, as defined in the agreement. Maintenance of these financial ratios could place restrictions on DeVry Group's ability pay dividends. These financial ratios include a consolidated fixed charge coverage ratio, a consolidated leverage ratio and a composite Equity, Primary Reserve and Net Income Department of Education financial responsibility ratio. Failure to maintain any of these ratios or to comply with other covenants contained in the agreement will constitute an event of default and could result in termination of the agreement and require payment of all outstanding borrowings and letters of credit. DeVry Group was in compliance with the debt covenants as of March 31, 2015.

The stock of all U.S. and certain foreign subsidiaries of DeVry Group is pledged as collateral for the borrowings under the revolving credit facility.

NOTE 13: COMMITMENTS AND CONTINGENCIES

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

In April 2013, DeVry Group received a subpoena from the Office of the Attorney General of the State of Illinois and a Civil Investigative Demand (a "CID") issued by the Office of the Attorney General of the Commonwealth of Massachusetts. The Illinois subpoena concerns potential state law implications in the event violations of federal law took place. It was issued pursuant to the Illinois False Claims Act in connection with an investigation concerning whether the compensation practices of DeVry Group and certain of its affiliates are in compliance with the Incentive Compensation Ban of the Higher Education Act and required DeVry Group to provide documents relating to these matters for periods on or after January 1, 2002. DeVry Group responded to the subpoena in May 2013. The Massachusetts CID was issued in connection with an investigation into whether DeVry Group caused false claims and/or false statements to be submitted to the Commonwealth of Massachusetts relating to student loans, guarantees, and grants provided to DeVry Group's Massachusetts students and required DeVry Group to answer interrogatories and to provide documents relating to periods on or after January 1, 2007. DeVry Group responded to the CID in May 2013. The timing or outcome of the aforementioned matters, or their possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

On January 28, 2014, DeVry Group received a CID for information from the Federal Trade Commission ("FTC") relating to the advertising, marketing, or sale of secondary or postsecondary educational products or services, or educational accreditation products or services. The stated nature and scope of the CID was to determine whether unnamed persons and/or entities have violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended and, if so, whether further FTC action would be in the public interest. Since receiving the CID, DeVry Group has negotiated its scope with the FTC to the operations of DeVry Group's Title IV eligible institutions, including DeVry University, and has produced, and continues to produce, responsive information. DeVry Group continues to cooperate with the FTC's inquiry, and is presently in discussions with the FTC's Staff regarding concerns and potential claims the Staff may recommend for consideration by more senior representatives within the FTC's Bureau of Consumer Protection. DeVry Group will take every opportunity to address any concerns or potential claims and demonstrate that the FTC should close its inquiry. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

On July 15, 2014, DeVry Group received a letter dated July 9, 2014 from the New York Office of the Attorney General ("NYOAG"). The letter requested cooperation with the NYOAG's inquiry into whether recent television advertisements and website marketing regarding DeVry University may have violated federal and state laws prohibiting false advertising and deceptive practices. The letter requested relevant information from January 1, 2011, to the date of the aforementioned letter request to enable NYOAG to make a determination of what action, if any, is warranted. DeVry Group has cooperated fully with the request. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

On April 10, 2015, DeVry Group received from the Office of the United States Attorney for the Northern District of Ohio compulsory requests for documents and information from 2007 through April 1, 2015. The requests address allegations under the False Claims Act that DeVry University offered an associate degree program in Health Information Technology without providing necessary information to applicants regarding requirements for obtaining a degree and a job in the health information technology field upon graduation. DeVry Group is cooperating with the U.S. Attorney with a view toward demonstrating the compliant nature of its practices. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

NOTE 14: SEGMENT INFORMATION

DeVry Group's principal business is providing postsecondary education. DeVry Group presents three reportable segments: "Business, Technology and Management", which is comprised solely of DeVry University; "Medical and Healthcare" which includes the operations of AUC, RUSM, RUSVM, Chamberlain and Carrington; and "International and Professional Education", which includes the operations of DeVry Brasil and Becker.

These segments are consistent with the method by which the Chief Operating Decision Maker (DeVry Group's President and CEO) evaluates performance and allocates resources. Performance evaluations are based, in part, on each segment's operating income, which is defined as income before noncontrolling interest, income taxes, interest income and expense, and certain home office-related depreciation and expenses. Income taxes, interest income and expense, and certain home office-related depreciation and expenses are reconciling items in arriving at income before income taxes for each segment. As of the first quarter of fiscal year 2015, amortization expense is included in the operating income of each segment and is no longer a reconciling item in arriving at income before income taxes for each segment. Prior year information has been restated to reflect this change. This change was made to reflect how management now evaluates segment operating results. Intersegment sales are accounted for at amounts comparable to sales to nonaffiliated customers and are eliminated in consolidation. The consistent measure of segment assets excludes deferred income tax assets and certain depreciable home office assets. Additions to long-lived assets have been measured in this same manner. Reconciling items are included as home office assets. The accounting policies of the segments are the same as those described in "Note 3 — Summary of Significant Accounting Policies" to the consolidated financial statements contained in DeVry Group's Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

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Following is a tabulation of business segment information based on the segmentation for the three and nine months ended March 31, 2015 and 2014. Home office information is included where it is needed to reconcile segment data to the consolidated financial statements (in thousands).

	For the Three Months Ended March 31, 2015	2014	For the Nine Months Ended March 31, 2015	2014
Revenue:				
Medical and Healthcare	$ 225,427	$ 204,610	$ 645,424	$ 570,913
International and Professional Education	61,112	50,782	175,539	155,933
Business, Technology and Management	203,832	241,896	617,810	714,118
Intersegment Revenue and Other	(541)	(1,171)	(2,019)	(2,666)
Total Consolidated Revenue	$ 489,830	$ 496,117	$ 1,436,754	$ 1,438,298
Operating Income:				
Medical and Healthcare	$ 43,302	$ 44,703	$ 117,807	$ 103,687
International and Professional Education	4,629	6,330	19,859	22,401
Business, Technology and Management	1,146	22,517	(9,155)	21,403
Home Office and Other	373	(4,013)	(5,448)	(9,121)
Total Consolidated Operating Income	$ 49,450	$ 69,537	$ 123,063	$ 138,370
Interest Income (Expense):				
Interest Income	$ 1,318	$ 605	$ 2,015	$ 1,498
Interest Expense	(2,813)	(1,073)	(3,558)	(3,125)
Net Interest and Other Income (Expense)	(1,495)	(468)	(1,543)	(1,627)
Total Consolidated Income from Continuing Operations Before Income Taxes	$ 47,955	$ 69,069	$ 121,520	$ 136,743
Segment Assets:				
Medical and Healthcare	$ 1,126,681	$ 1,110,784	$ 1,126,681	$ 1,110,784
International and Professional Education	398,399	296,915	398,399	296,915
Business, Technology and Management	443,234	495,711	443,234	495,711
Home Office and Other	180,363	145,455	180,363	145,455
Total Consolidated Assets	$ 2,148,677	$ 2,048,865	$ 2,148,677	$ 2,048,865
Additions to Long-lived Assets:				
Medical and Healthcare	$ 14,366	$ 8,559	$ 44,642	$ 27,487
International and Professional Education	122,926	2,705	145,137	34,246
Business, Technology and Management	965	2,497	4,154	10,351
Home Office and Other	4,196	422	7,419	3,522
Total Consolidated Additions to Long-lived Assets	$ 142,453	$ 14,183	$ 201,352	$ 75,606
Reconciliation to Consolidated Financial Statements				
Capital Expenditures	$ 21,240	$ 14,183	$ 64,301	$ 47,609
Increase in Capital Assets from Acquisitions	9,416	-	10,921	2,037
Increase in Intangible Assets and Goodwill	111,797	-	126,130	25,960
Total Increase in Consolidated Long-lived Assets	$ 142,453	$ 14,183	$ 201,352	$ 75,606
Depreciation Expense:				
Medical and Healthcare	$ 6,437	$ 5,786	$ 19,468	$ 18,407
International and Professional Education	1,579	1,389	4,532	2,503

Business, Technology and Management	9,290	11,072	28,171	32,983
Home Office and Other	3,459	2,575	9,955	7,648
Total Consolidated Depreciation	$ 20,765	$ 20,822	$ 62,126	$ 61,541
Intangible Asset Amortization Expense:				
Medical and Healthcare	$ 162	$ 901	$ 485	$ 2,745
International and Professional Education	1,080	693	2,050	2,110
Total Consolidated Amortization	$ 1,242	$ 1,594	$ 2,535	$ 4,855

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DeVry Group conducts its educational operations in the United States, the Caribbean Islands (countries of Dominica, St. Kitts and St. Maarten), Brazil, Canada, Europe, the Middle East and the Pacific Rim. Other International revenues, which are derived principally from Canada, Europe and the Pacific Rim, were less than 5% of total revenues for the three and nine months ended March 31, 2015 and 2014. Revenues and long-lived assets by geographic area are as follows:

	For the Three Months Ended March, 31		**For the Nine Months Ended March 31,**	
	2015	**2014**	**2015**	**2014**
Revenue from Unaffiliated Customers:				
Domestic Operations	$ 365,677	$ 379,919	$ 1,067,034	$ 1,098,306
International Operations:				
Dominica, St. Kitts and St. Maarten	85,144	85,798	257,590	247,694
Brazil	37,503	27,018	106,930	83,444
Other	1,506	3,382	5,200	8,854
Total International	124,153	116,198	369,720	339,992
Consolidated	$ 489,830	$ 496,117	$ 1,436,754	$ 1,438,298
Long-lived Assets:				
Domestic Operations	$ 360,253	$ 382,143	$ 360,253	$ 382,143
International Operations:				
Dominica, St. Kitts and St. Maarten	182,975	168,171	182,975	168,171
Brazil	48,973	46,486	48,973	46,486
Other	2,148	2,007	2,148	2,007
Total International	234,096	216,664	234,096	216,664
Consolidated	$ 594,349	$ 598,807	$ 594,349	$ 598,807

No one customer accounted for more than 10% of DeVry Group's consolidated revenues.

ITEM 2 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Through its website, DeVry Group offers (free of charge) its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other reports filed with the United States Securities and Exchange Commission. DeVry Group’s website is http://www.devryeducationgroup.com.

The following discussion of DeVry Group’s results of operations and financial condition should be read in conjunction with DeVry Group’s Consolidated Financial Statements and the related Notes thereto in Item 1, “FINANCIAL STATEMENTS” in this Quarterly Report on Form 10-Q and DeVry Group’s Consolidated Financial Statements and related Notes thereto in Item 8 “FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA” in DeVry Group’s

Annual Report on Form 10-K for the fiscal year ended June 30, 2014. DeVry Group's Annual Report on Form 10-K includes a description of critical accounting policies and estimates and assumptions used in the preparation of DeVry Group's financial statements. These include, but are not limited to, the use of estimates and assumptions that affect the reported amounts of assets and liabilities; revenue and expense recognition; allowance for uncollectible accounts; internally developed software; land, building and equipment; stock-based compensation; valuation of goodwill and other intangible assets; valuation of long-lived assets; and income taxes.

The seasonal pattern of DeVry Group's enrollments and its educational program starting dates affect the results of operations and the timing of cash flows. Therefore, management believes that comparisons of its results of operations should primarily be made to the corresponding period in the preceding year. Comparisons of financial position should be made to both the end of the previous fiscal year and to the end of the corresponding quarterly period in the preceding year.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q, including those that affect DeVry Group’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 Group or its management “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “foresees,” “intends,” “ other words or phrases of similar import. Such statements are inherently uncertain and may involve risks and uncertainties that could cause future results to differ materially from those projected or implied by these forward-looking statements. Potential risks and uncertainties that could affect DeVry Group’s results are described throughout this report, including those in Note 13 to the Consolidated Financial Statements, in Part II, Item 1, “Legal Proceedings”, in Part II, Item 1A. “Risk Factors”, and in DeVry Group’s Annual Report on Form 10-K for the fiscal year ended June 30, 2014 and filed with the Securities and Exchange Commission on August 27, 2014, including, without limitation, in Item 1A, “Risk Factors” and in the subsections of “Item 1 — Business” entitled “Competition,” “Student Admissions,” “Accreditation,” “Approval and Licensing,” “Tuition and Fees,” “Financial Aid and Financing Student Education,” “Student Loan Defaults,” “Career Services,” “Seasonality,” and “Employees.”

All forward-looking statements included in this report speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the Securities and Exchange Commission, we are not under any obligation to update any forward-looking information whether as a result of new information, future events, or otherwise. You should not place undue reliance on forward-looking statements.

OVERVIEW

During the third quarter of fiscal year 2015, DeVry Group’s revenue and net income decreased as compared to the year-ago quarter. Revenue in the Business, Technology and Management segment declined in the third quarter, partially offset by revenue growth in the Medical and Healthcare and International and Professional Education segments. Operational and financial highlights for the third quarter of fiscal year 2015 include:

- Chamberlain College of Nursing (“Chamberlain”) grew its revenue by more than 25% as compared to the year-ago quarter. For the March 2015 session, total student enrollment at Chamberlain increased 27.1% to 23,108 students as compared to the same term last year. Chamberlain continues to invest in its programs, student services and campus locations.

- In January 2015, DeVry Brasil completed the acquisition of Faculdade Ideal (“Faci”). In February 2015, DeVry Brasil completed the acquisition of Damásio Educacional (“Damasio”). Faci is located in Belém, Pará in northern Brazil. Faci serves approximately 2,500 students and offers undergraduate programs in high-demand career fields such as law, education, accounting, technology and engineering. Damasio is headquartered in São Paulo and is a leader in bar exam test preparation and operates a law school. Damasio has a 44-year history in Brazil and serves more than 50,000 test preparation students through a network of approximately 220 learning centers located in many major cities throughout Brazil and through distance learning. The law school has three locations in São Paulo and serves more than 14,000 students. These acquisitions continue the process of expanding DeVry Brasil's presence in the northeast and north areas of the country and establishing a presence in São Paulo and in the southeast of Brasil.

- In April 2015, DeVry University announced the next phase of its strategy to return to growth and transform the institution through new, student-focused innovations. Near-term, the university is taking action to invest in its strongest markets and programs; reduce its cost structure; and establish a distinct voice for its brand. In addition, DeVry University is implementing strategies to place it on a path for growth by enhancing the teaching and learning model, addressing affordability, and strengthening employer workforce solutions. Taken together, these actions are designed to provide positive economics in fiscal year 2016.

- DeVry Group recorded pre-tax restructuring charges of $7.0 million in the third quarter. Of these charges, $1.1 million relates to severance for workforce reductions and $5.9 million relates to real estate consolidations. During the remainder of fiscal year 2015, DeVry Group expects to continue cost control efforts which may result in additional restructuring charges. Expense reductions of over $100 million are expected for fiscal year 2015 related to restructuring and other cost saving initiatives, primarily within DeVry University.

- In 2015, Ross University School of Medicine ("RUSM") and American University of the Caribbean School of Medicine ("AUC") current and prior graduates earned more than 1,050 residency positions at hospitals in the United States and Canada.

- In March 2015, DeVry Group entered into a new, secured revolving credit agreement. The amount of borrowing capacity available under the credit agreement is $400 million. Subject to certain conditions set forth in the credit agreement, the aggregate commitment may be increased up to $550 million. The credit agreement has a five-year term ending May 2020 and replaces DeVry Group's prior $400 million agreement that was set to expire in May 2016.

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- DeVry Group's financial position remained strong, generating $209.4 million of operating cash flow during the first nine months of fiscal year 2015. As of March 31, 2015, cash and cash equivalents totaled $402.1 million and there were no outstanding borrowings.

USE OF NON-GAAP FINANCIAL INFORMATION AND SUPPLEMENTAL RECONCILIATION SCHEDULE

During the third quarter and first nine months of fiscal year 2015, DeVry Group recorded restructuring charges related to workforce reductions and real estate consolidations at DeVry University and real estate consolidations at Chamberlain and Carrington in order to align its cost structure with enrollments. During the third quarter and first nine months of fiscal year 2014, DeVry Group recorded restructuring charges primarily related to workforce reductions and real estate consolidations at DeVry University, Carrington and the DeVry Group home office. DeVry Group recorded a gain from the sale of a former DeVry University campus in Decatur, Georgia, during the first nine months of fiscal year 2014. DeVry Group also recorded the operating results of its Advanced Academics Inc. reporting unit as discontinued operations in both fiscal years 2015 and 2014. The following table illustrates the effects of restructuring charges, discontinued operations and gain on the sale of assets on DeVry Group's earnings. Management believes that the non-GAAP disclosure of net income and earnings per share excluding these special items and discontinued operations provides investors with useful supplemental information regarding the underlying business trends and performance of DeVry Group's ongoing operations and is useful for period-over-period comparisons of such operations given the special nature of the restructuring charges, gain on the sale of assets and discontinued operations. DeVry Group uses these supplemental financial measures internally in its management and budgeting process. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, DeVry Group's reported results prepared in accordance with GAAP. The following table reconciles these non-GAAP measures to the most directly comparable GAAP information (in thousands, except per share data):

	For the Three Months Ended March 31,		**For the Nine Months Ended March 31,**	
	2015	**2014**	**2015**	**2014**
Net Income	$ 47,120	$ 55,525	$ 109,973	$ 96,548
Earnings per Share (diluted)	$ 0.72	$ 0.86	$ 1.68	$ 1.49
Discontinued Operations (net of tax)	$ (5,576)	$ 607	$ (5,576)	$ 16,855
Earnings per Share (diluted)	$ (0.08)	$ 0.01	$ (0.08)	$ 0.26
Restructuring Expenses (net of tax)	$ 3,879	$ -	$ 20,868	$ 10,057
Effect on Earnings per Share (diluted)	$ 0.06	$ -	$ 0.32	$ 0.16
Gain on Sale of Assets (net of tax)	$ -	$ -	$ -	$ (1,167)
Effect on Earnings per Share (diluted)	$ -	$ -	$ -	$ (0.02)
Net Income from Continuing Operations Excluding the Restructuring Expenses and Gain on Sale of Assets (net of tax)	$ 45,423	$ 56,132	$ 125,265	$ 122,293
Earnings per Share from Continuing Operations Excluding the Restructuring Expenses and Gain on Sale of Assets (net of tax)	$ 0.70	$ 0.87	$ 1.92	$ 1.89
Shares used in diluted EPS calculation	65,265	64,841	65,402	64,747

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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 third quarter and first nine months of both the current and prior fiscal year. Percentages may not add because of rounding.

	For the Three Months Ended March 31,				For the Nine Months Ended March 31,			
	2015		2014		2015		2014	
Revenue	100.0	%	100.0	%	100.0	%	100.0	%
Cost of Educational Services	51.7	%	48.9	%	52.2	%	50.6	%
Student Services and Administrative Expense	36.8	%	37.1	%	37.1	%	38.8	%
Gain on Sale of Asset	-		-		-		(0.1	)%
Restructuring Expense	1.4	%	0.0	%	2.1	%	1.1	%
Total Operating Cost and Expense	89.9	%	86.0	%	91.4	%	90.4	%
Operating Income from Continuing Operations	10.1	%	14.0	%	8.6	%	9.6	%
Net Interest Expense	(0.3	)%	(0.1	)%	(0.1	)%	(0.1	)%
Income From Continuing Operations Before Noncontrolling Interest and Income Taxes	9.8	%	13.9	%	8.5	%	9.5	%
Income Tax Provision	(1.3	)%	(2.6	)%	(1.2	)%	(1.6	)%
Income From Continuing Operations Before Noncontrolling Interest	8.5	%	11.3	%	7.3	%	7.9	%
Income (Loss) on Discontinued Operations, Net of Tax	1.1	%	(0.1	)%	0.4	%	(1.2	)%
Net Income	9.6	%	11.2	%	7.7	%	6.7	%
Net Income Attributable to Noncontrolling Interest	0.0	%	0.0	%	0.0	%	0.0	%
Net Income Attributable to DeVry Education Group	9.6	%	11.2	%	7.7	%	6.7	%

All discussions of the results of operations exclude the results of Advanced Academics, Inc. (“AAI”) which are included in the discontinued operations section of the Consolidated Statements of Income for all periods presented.

REVENUE

Total consolidated revenue for the third quarter of fiscal year 2015 of $489.8 million decreased $6.3 million, or 1.3%, as compared to the year-ago quarter. For the first nine months of fiscal year 2015, total consolidated revenue decreased $1.5 million or 0.1% to $1,436.8 million, as compared to the year-ago period. The decrease in third quarter revenue was driven primarily by a decline in student enrollments at DeVry University where revenue decreased by 15.7% compared to the year-ago quarter. In addition, revenue at Becker, which is included in the International and Professional Education segment, decreased 0.7% in the third quarter primarily driven by a lower number of CPA exam candidates. Partially offsetting these revenue declines in the third quarter was an increase in revenue of 10.2% within the Medical and Healthcare segment compared to the year-ago quarter primarily driven by growth in total student enrollment and tuition price increases. Also, revenue at DeVry Brasil, which is included in the International and Professional Education segment, rose 38.8% as compared to the year-ago quarter as a result of both organic growth and acquisitions.

The revenue increase for the first nine months of fiscal year 2015 was driven by revenue increases within the Medical and Healthcare and International and Professional Education segments for the same reasons as noted above. These increases were partially offset by a revenue decline of 13.5% compared to the year-ago period at DeVry University driven primarily by a decline in student enrollment.

Management expects that total revenue will decrease in the range of 1% to 2% in the fourth quarter of fiscal year 2015 as compared to the fourth quarter of fiscal year 2014, with declining revenue at DeVry University offsetting revenue growth in the Medical and Healthcare and International and Professional Education segments.

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Medical and Healthcare

Medical and Healthcare segment revenue increased 10.2% to $225.4 million in the third quarter and increased 13.1% to $645.4 million for the first nine months of fiscal year 2015 as compared to the year-ago periods. Higher total student enrollment for the quarter and first nine months at Chamberlain was the key driver of revenue growth. Key trends for DMI, Chamberlain and Carrington are set forth below. See discussion following the enrollment information for explanations of the trends.

DeVry Medical International

DeVry Medical International Student Enrollment:

	Fiscal Year 2015		Fiscal Year 2014		
Term	**Sept. 2014**	**Jan. 2015**	**Sept. 2013**	**Jan. 2014**	**May 2014**
New Students	943	560	978	582	555
% Change from Prior Year	(3.6)%	(3.8)%	5.7 %	(3.5)%	7.1 %
Total Students	6,406	6,146	6,458	6,673	5,925
% Change from Prior Year	(0.8)%	(7.9)%	4.0 %	5.6 %	2.2 %

At DMI, new and total student enrollment in the May 2014 semester, which contributed revenues for the first two months of fiscal year 2015, increased 7.1% and 2.2%, respectively, from the May 2013 semester. In the September 2014 semester, new student enrollment declined 3.6% and total student enrollment declined 0.8% from the September 2013 semester. In the January 2015 semester, new student enrollment declined 3.8% and total student enrollment declined 7.9% from the January 2014 semester. The enrollment declines were the result of an insufficient number of qualified applicants in a competitive market. Management implemented a new marketing approach and organizational changes to provide more focus on and support to each of the medical schools and to enhance scholarships.

Management believes the demand for medical education remains strong and can support management expectations to grow new enrollments in the low-single digit range over the long-term; however, heightened competition may adversely affect DMI’s ability to continue to attract qualified students to its programs.

Tuition Rates:

- Effective for semesters beginning in September 2014, tuition and fees for the basic sciences and clinical rotation portions of AUC's medical program were $19,550 and $21,875, respectively, per semester. These tuition rates represent an increase from the September 2013 rates of approximately 3.0%.

- Effective for semesters beginning in September 2014, tuition and fees for the basic sciences portion of the programs at RUSM were $19,675 per semester. Tuition and fees for the clinical portion of the program were $21,710 per semester. These tuition rates represent an increase from the September 2013 rates of 4.5%.

- Effective for semesters beginning in September 2014, tuition and fees for the basic sciences portion of the programs at RUSVM were $17,725 per semester. Tuition and fees for the clinical portion of the program were $22,250 per semester. These tuition rates have not increased from the September 2013 rates. The respective tuition rates for AUC, RUSM and RUSVM do not include the cost of books, supplies, transportation, and living expenses.

Chamberlain College of Nursing

Chamberlain College of Nursing Undergraduate and Graduate Student Enrollment:

	Fiscal Year 2015				
Term	**July 2014**	**Sept. 2014**	**Nov. 2014**	**Jan. 2015**	**Mar. 2015**
New Students	2,066	3,864	2,137	3,702	2,166
% Change from Prior Year	60.8 %	14.3 %	9.5 %	5.7 %	3.5 %
Total Students	17,603	20,920	20,807	23,055	23,108
% Change from Prior Year	39.2 %	33.3 %	32.3 %	27.1 %	27.1 %

	Fiscal Year 2014					
Term	**July 2013**	**Sept. 2013**	**Nov. 2013**	**Jan. 2014**	**Mar. 2014**	**May 2014**
New Students	1,285	3,380	1,952	3,501	2,092	3,142
% Change from Prior Year	(34.9)%	108.0 %	(8.0)%	65.1 %	55.0 %	37.6 %
Total Students	12,648	15,690	15,732	18,136	18,185	18,929
% Change from Prior Year	16.5 %	30.2 %	28.5 %	32.2 %	37.4 %	35.7 %

The lower new student enrollment for the July, November and March sessions as compared to the September, January and May sessions is due to Chamberlain having six new student starts for its post-licensure online programs, but only three for its campus-based programs.

Continued demand for nurses positively influenced career decisions of new students towards this field of study. The historical trend of increases in new student enrollments is attributable to increased demand for Chamberlain's RN-to-BSN online degree option, MSN-Family Nurse Practitioner and Doctor of Nursing Practice ("DNP") degree programs, the addition of several new campus locations, campus expansion and organic growth at existing locations.

Tuition Rates:

- Effective for sessions beginning in July 2014, tuition is $665 per credit hour for students enrolling one to six credit hours per session in the Chamberlain BSN, Associate Degree in Nursing ("ADN") and Licensed Practical Nurse to Registered Nurse ("LPN-to-RN") programs. This rate is unchanged as compared to the prior year. Tuition is $300 per credit hour per session for each credit hour in excess of six credit hours. This excess credit hour rate represents a $100 increase as compared to the prior year. These amounts do not include the cost of books, supplies, transportation and living expenses.

- Effective for sessions beginning in July 2014, tuition is $590 per credit hour for students enrolled in the Chamberlain Registered Nurse to Bachelor of Science in Nursing (“RN-to-BSN”) online degree option. This tuition rate is unchanged from the July 2013 tuition rate. Tuition for students enrolled in the online Master of Science in Nursing (“MSN”) program is $650 per credit hour, which is unchanged from the prior year. The online DNP program was offered at $750 per credit hour. This tuition rate is unchanged from the July 2013 tuition rate.

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Carrington College

Carrington College Student Enrollment:

Term	Fiscal Year 2015 Sept. 2014	Dec. 2014	Mar. 2015
New Students	2,623	1,951	2,187
% Change from Prior Year	(4.0)%	14.4 %	(2.7)%
Total Students	7,634	7,444	7,639
% Change from Prior Year	(0.9)%	1.2 %	(1.5)%

Term	Fiscal Year 2014 Sept. 2013	Dec. 2013	Mar. 2014	June 2014
New Students	2,733	1,706	2,247	1,766
% Change from Prior Year	(19.5)%	(3.2)%	(6.0)%	9.9 %
Total Students	7,706	7,358	7,758	7,353
% Change from Prior Year	1.0 %	(0.6)%	(2.4)%	3.4 %

For the three months ended March 31, 2015, new and total student enrollment decreased 2.7% and 1.5%, respectively, from the year-ago period, as a result of fewer class starts this quarter versus the same period last year. Combined new student enrollment over the nine month period ended March 31, 2015 increased 1.1% and total enrollment declined 0.5% compared to the year-ago nine month period.

Tuition rates:

- On a per credit hour basis, tuition for Carrington College programs ranges from $304 per credit hour to $1,684 per credit hour, with the wide range due to the nature of the programs. General education courses are charged at $335 to $371 per credit hour. Students are charged a non-refundable registration fee of $100, and they are also charged separately for books and program-specific supplies and/or testing. A student services fee ranging from $75 to $150, depending on the program, is charged as well. Total program tuition ranges from approximately $12,000 to $15,000 for most certificate programs up to approximately $60,000 for a few advanced programs.

International and Professional Education

International and Professional Education segment revenue increased 20.3% to $61.1 million in the third quarter and increased 12.6% to $175.5 million for the first nine months of fiscal year 2015 as compared to the year-ago periods. Third quarter revenue at DeVry Brasil increased 38.8% as compared to the year-ago quarter. The decline in value of the Brazilian Real as compared to the U.S. dollar reduced reported revenue for the third quarter by approximately $10 million. Without this currency effect, revenue at DeVry Brasil would have risen approximately 76% in the third quarter as compared to the year-ago quarter. In addition to revenue growth within existing institutions, the recent acquisitions of FMF, Faci and Damasio, which were acquired during fiscal year 2015, contributed more than two-thirds of this revenue growth. Partially offsetting this revenue increase was a decline in third quarter revenue at Becker of 0.7% compared to the year-ago quarter, which was driven by a decline in the number of CPA exam candidates.

The revenue increase for the first nine months of fiscal year 2015 was driven by an increase of 28.1% at DeVry Brasil. The decline in value of the Brazilian Real as compared to the U.S. dollar reduced reported revenue for the first nine months of fiscal year 2015 by approximately $15 million. Without this currency effect, revenue at DeVry Brasil would have risen approximately 46% for the first nine months of fiscal year 2015, as compared to the year-ago period. The recent acquisitions of FMF, Faci and Damasio, which were acquired during fiscal year 2015, contributed more than 40% of this revenue growth. Again, partially offsetting this revenue increase was a decline in revenue at Becker of 5.4% for the first nine months of fiscal year 2015, as compared to the year-ago period, for the same reason noted above.

Though Brazil continues to face a slowing economy and this economic environment continues to present challenges to growth in the education sector, DeVry Brasil has been able to steadily increase enrollment through its emphasis on quality and brand recognition. Management believes new student enrollment growth for fiscal year 2016 will be in the high single digits; however, should economic conditions continue to weaken, and austerity measures be instituted by the Brazilian government, DeVry Brasil’s ability to grow may be diminished.

Key enrollment trends for DeVry Brasil are set forth below.

DeVry Brasil Student Enrollment:

	Fiscal Year 2015		Fiscal Year 2014	
Term	**Sept. 2014**	**Mar. 2015**	**Sept. 2013**	**Mar. 2014**
New Students	5,217	18,173	3,785	8,845
% Change over Prior Year	37.8 %	105.5 %	(4.8)%	19.7 %
Total Students	33,591	58,724	29,340	33,013
% Change over Prior Year	14.5 %	77.9 %	39.5 %	13.5 %

These enrollment figures include students enrolled in degree granting programs and exclude students enrolled in the test preparation programs at Damasio. The acquisitions of FMF, Faci and Damasio, which all occurred in fiscal year 2015, added 8,155 new student enrollments and 20,858 total student enrollments to the March 2015 semester totals. Excluding the effect of these recent acquisitions, new and total enrollment grew 13% and 15%, respectively, in the March semester.

In addition, in fiscal year 2015, DeVry Brasil enrolled 1,852 students in *Pronatec,* a federal government-sponsored certificate program that aims to increase the number of technical and vocational students in Brazil. No new students were enrolled in *Pronatec* in the March semester as the federal government deferred entrance of new students until the second session of calendar year 2015.

DeVry Brasil's institutions and program offerings are subject to regulation by Brazil's Ministry of Education ("MEC") which may impose limits on the number of students who can be enrolled in the programs. As of March 31, 2015, one DeVry Brasil institution (Área1) is subject to restrictions on the number of overall students and the ability to launch new programs. Four programs are being monitored by MEC but are not subject to restrictions. Management has applied for approval to have these limitations removed and expects this to occur during the first quarter of fiscal year 2016.

DeVry Brasil students are eligible for loans under Brazil's "Fundo de Financiamento Estudantil" or "Students Financing Fund" ("FIES") public loan program, which is financed by the Brazilian government. As of March 31, 2015, approximately 34% of DeVry Brasil's degree seeking students are financed under the FIES program. The Brazilian government has recently proposed changes to the FIES regulations that would serve to add a restriction limiting student eligibility for FIES funding and extend the government's time to pay participating institutions. The Brazilian government has stated that it is supportive of the FIES program, which is important to helping achieve the national goal of college graduates. These changes could result in fewer DeVry Brasil students qualifying for the FIES program and adversely impact DeVry Brasil’s growth and liquidity by lengthening the reimbursement period from the Brazilian government.

Business, Technology and Management

Revenue in DeVry Group’s Business, Technology and Management segment, which is composed solely of DeVry University, decreased 15.7% to $203.8 million in the third quarter of fiscal year 2015 and decreased 13.5% to $617.8 million for the first nine months of fiscal year 2015 as compared to the year-ago periods as a result of a decline in student enrollment and a decrease in revenue per student as compared to the year-ago periods. Enrollment declines are expected to continue for the remainder of fiscal year 2015, which will result in lower revenue. Key trends in enrollment and tuition pricing are set forth below.

DeVry University Undergraduate Student Enrollment:

	Fiscal Year 2015				
Term	**July 2014**	**Sept. 2014**	**Nov. 2014**	**Jan. 2015**	**Mar. 2015**
New Students	4,915	5,268	4,201	4,282	4,156
% Change over Prior Year	(13.4)%	(20.0)%	(12.9)%	(12.8)%	(17.2)%
Total Students	37,210	39,857	38,235	37,922	36,188
% Change over Prior Year	(12.2)%	(15.1)%	(12.6)%	(15.9)%	(15.0)%

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Term	Fiscal Year 2014 July 2013	Sept. 2013	Nov. 2013	Jan. 2014	Mar. 2014	May 2014
New Students	5,674	6,589	4,824	4,911	5,018	4,388
% Change over Prior Year	(24.7)%	0.1 %	(12.0)%	(7.9)%	(2.5)%	(4.9)%
Total Students	42,374	46,966	43,726	45,097	42,583	41,977
% Change over Prior Year	(16.1)%	(16.3)%	(11.7)%	(15.1)%	(10.4)%	(14.1)%

DeVry University Graduate Student Enrollment:

Term	Fiscal Year 2015 July 2014	Sept. 2014	Nov. 2014	Jan. 2015	Mar. 2015
Total Coursetakers	13,845	15,532	15,136	15,108	14,651
% Change from Prior Year	(14.0)%	(13.4)%	(9.8)%	(12.8)%	(9.5)%

Term	Fiscal Year 2014 July 2013	Sept. 2013	Nov. 2013	Jan. 2014	Mar. 2014	May 2014
Total Coursetakers	16,107	17,925	16,778	17,322	16,192	15,866
% Change from Prior Year	(18.0)%	(18.8)%	(14.1)%	(18.0)%	(15.1)%	(15.8)%

Management believes the decreases in enrollment have been due to lower demand from DeVry University's target student segment driven by heightened competition from both public-sector and private-sector education providers, the availability of lower cost degrees, negative perceptions of the value of a college degree and increased reluctance to take on debt, resulting in a reduction in interest from potential students. To address the issue of declining enrollment, DeVry University is focused on implementing management's transformation strategy which includes both, near-term actions to improve enrollments, and longer-term investments to increase competitiveness and differentiation.

In the near term, the goal is to sustain positive economics and to reset DeVry University for long-term profitability. Three key actions are being implemented to achieve these results:

- Further reduce the physical footprint of DeVry University. Management has identified a set of local markets where the institution has relatively stronger competitive positions. In these markets DVU will invest in tailored communications and marketing plans. Another 14 locations will move to an online-only model. These 14 locations include Portland, OR, Detroit, MI, Indianapolis, IN, Memphis, TN, Milwaukee, WI, Minneapolis, MN, Pittsburgh, PA, St. Louis, MO, two in Houston, TX, two in Seattle, WA and two in Tampa, FL. These locations were selected because many students in these markets were already studying online. The reduction of DeVry University's campus footprint and related staff reductions will enable the university to invest in its core markets.

- Further reduce DeVry University's cost structure. While marketing spending will increase in the focused local markets, overall marketing spending in other areas will be reduced. In total, operating cost savings of over $125 million are projected in fiscal year 2016. From fiscal year 2013 through fiscal year 2015, DeVry University's cost structure will have been reduced by more than $300 million dollars by aligning our cost structure with enrollments, while continuing to enhance quality and service.

- Re-launch the DeVry University brand with a new communications campaign to establish a distinct voice for the brand and to instill pride among the students it serves.

Over the long term, management's goal is to transform DeVry University by bolstering its value proposition and student experience. This will help DeVry University better compete in the ever-changing higher education landscape. This initiative will focus on four strategies:

- Differentiating DeVry University's teaching and learning model by investing in new educational technologies. This builds on a long tradition of innovation in education to make it more accessible to students with diverse needs and backgrounds.

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- Improving the DeVry University teaching and learning model by revitalizing the content and structure of courses. This is accomplished through a programmatic focus which ensures each program is designed to best meet the needs of DeVry University's students and employers and better communicates each program's value propositions to the market.

- Improving the affordability of DeVry University's programs with a pricing strategy that meets student needs and helps students achieve their goals of finishing their education. A key element of pricing optimization is the strategic use of scholarships to enhance the value proposition DeVry University provides its students. DeVry University scholarships have two objectives: attracting new students and improving student persistence.

- Strengthening employer relationships via a "workforce solutions" initiative. This means providing a more integrated solution to help employers attract, develop and retain the best talent.

In aligning the cost structure, management is focused on increasing efficiencies. Over the past year DeVry University has reduced costs through staffing adjustments; managing open positions; consolidating locations; optimizing course scheduling to better utilize classrooms; and lowering course materials costs. Management made the decision to close or consolidate certain DeVry University campuses while balancing the potential impact on enrollment and student satisfaction. Since the beginning of fiscal year 2014, DeVry University has closed 17 campus locations and completed 13 campus size reductions. As of the commencement of the March 2015 session, DeVry University operates 82 campus locations.

Tuition rates:

- In July 2014, DeVry University froze both undergraduate and graduate tuition rates for the school year which ends in June 2015. Management believes this will help to increase interest from potential students and positively impact persistence among its current students. Beginning in July 2014, the number of credit hours a student must take per session to receive the full-time rate was increased from 7 hours to 8.

  - For fiscal year 2015, DeVry University's U.S. undergraduate tuition is $609 per credit hour for students enrolling in one to seven credit hours per session. This rate is unchanged from the prior year. Tuition is $365 per credit hour for each credit hour in excess of seven credit hours. These amounts do not include the cost of books, supplies, transportation and living expenses.

  - Keller Graduate School of Management program tuition per course is $2,298.

- Any tuition rate increases after July 2014 will apply only to newly enrolled students. Existing students will pay the tuition they were paying at the time DeVry University adopted its Fixed Tuition Promise or, if later, at the time of their enrollment. To remain eligible for the Fixed Tuition Promise students may not miss more than five sessions.

COSTS AND EXPENSES

Cost of Educational Services

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

DeVry Group’s Cost of Educational Services increased 4.4% to $253.2 million during the third quarter and increased 3.2% to $750.3 million during the first nine months of fiscal year 2015 as compared to the year-ago periods. This increase includes costs that were incurred to support a higher number of total student enrollments for Chamberlain and DeVry Brasil as compared to the year-ago quarter and the need to support continued growth at DeVry Medical International. Cost of Educational Services within DeVry University and Carrington were lower in the third quarter and in the first nine months of fiscal year 2015 as compared to the year-ago periods. The decreases at both institutions were primarily a result of savings from cost reduction measures.

As a percentage of revenue, Cost of Educational Services increased to 51.7% in the third quarter and increased to 52.2% in the first nine months of fiscal year 2015 from 48.9% and 50.6%, respectively, during the year-ago periods. The increases were primarily the result of costs that were incurred for Chamberlain new campuses compared to the year-ago periods and decreased operating leverage within DeVry University and DeVry Medical International.

Student Services and Administrative Expense

This expense category includes student admissions, marketing 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 decreased 2.0% to $180.2 million during the third quarter and decreased 4.5% to $532.9 million during the first nine months of fiscal year 2015 as compared to the year-ago periods. The decreases were primarily the result of cost reduction measures. Over the past several years, DeVry Group has reduced costs through staffing adjustments primarily at DeVry University, Carrington and DeVry Group home office. Also, management is finding ways to be more efficient in marketing and recruiting efforts. These reductions were partially offset by the expense growth necessary to support the operations of DeVry Group's other institutions (DeVry Medical International, Chamberlain, DeVry Brasil, and Becker) as well as an increase in legal fees related to an ongoing Federal Trade Commission ("FTC") inquiry as described in "Note 13: Commitments and Contingencies" to the Consolidated Financial Statements. Amortization of finite-lived intangible assets in connection with acquisitions of institutions decreased by $0.4 million and $2.3 million during the third quarter and first nine months of fiscal year 2015, respectively, as compared to the year-ago periods. Amortization expense is included entirely in the Student Services and Administrative Expense category.

As a percentage of revenue, Student Services and Administrative Expense decreased to 36.8% in the third quarter and decreased to 37.1% in the first nine months of fiscal year 2015 from 37.1% and 38.8%, respectively, during the year-ago periods. The decrease was primarily a result of the effectiveness of the cost reduction measures noted above.

Management expects that total operating costs will increase in the fourth quarter of fiscal year 2015 as compared to the fourth quarter of fiscal year 2014, driven by the impact of acquisitions at DeVry Brasil, the opening of additional Chamberlain campuses and an increase in marketing costs at DeVry University to support future growth. These increased costs will be partially offset by the savings from DeVry Group's continued cost reduction measures.

Gain on the Sale of Assets

During the first nine months of fiscal year 2014, management completed the sale of the former DeVry University campus in Decatur, GA, which had been vacated. The net proceeds on this sale were approximately $6.7 million, which resulted in the recording of a pre-tax gain of $1.9 million.

Restructuring Expenses

During the third quarter and first nine months of fiscal year 2015, DeVry Group recorded pre-tax charges related to real estate consolidations of $5.9 million and $16.9 million, respectively. Also, in the first and third quarters of fiscal year 2015, DeVry University implemented a Voluntary Separation Plan (“VSP”) and a reduction in force (“RIF”). These actions reduced DeVry University’s workforce by 298 total positions and resulted in pre-tax charges of $1.1 million and $13.6 million during the three and nine months ended March 31, 2015, respectively. These charges represented severance pay and benefits for these employees. These restructuring charges were allocated to segment costs in the first nine months of fiscal year 2015 as follows: $4.5 million to Medical and Healthcare and $26.0 million to Business Technology and Management.

During the first nine months of fiscal year 2014, DeVry Group Home Office, DeVry Medical International and Carrington recorded charges related to real estate consolidations of $1.3 million, $0.3 million and $4.4 million, respectively. Also, during the first nine months of fiscal year 2014, DeVry Group implemented a RIF that resulted in a pre-tax charge of $10.4 million that represented severance pay and benefits for these employees. These restructuring costs were allocated to the segments in the first nine months of fiscal year 2014 as follows: $8.0 million to Business Technology and Management, $5.5 million to Medical and Healthcare, $2.9 million to the DeVry Group home office which is classified as “Home Office and Other” in “Note 14 - Segment Information” to the consolidated financial statements of this Form 10-Q.

Cash payments for the fiscal year 2015 and 2014 charges were approximately $19.0 million for the nine months ended March 31, 2015. The remaining accrual for these charges is $28.6 million as of March 31, 2015. The balance is expected to be paid within the next 12 months except for rent charges which may be paid out for periods of up to nine years. Additional restructuring expenses are expected to be recorded in fiscal year 2015 as DeVry Group continues to reduce costs where enrollment levels necessitate such realignment of expenses.

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OPERATING INCOME

Total consolidated operating income from continuing operations decreased 28.9% to $49.5 million for the third quarter and decreased 11.1% to $123.1 million for the first nine months of fiscal year 2015 as compared to the year-ago periods. The primary drivers of the third quarter decrease in operating income were an increase in the restructuring charge, the revenue decline at DeVry University and decreased revenue at Becker. Excluding the effect of the restructuring charge, consolidated operating income from continuing operations decreased 18.8% for the third quarter and decreased 0.7% for the first nine months of fiscal year 2015 as compared to the year-ago periods. .. For the first nine months of fiscal year 2015, the effect on operating income before restructuring charges of the revenue declines at DeVry University was partially offset by cost reduction measures in this segment. Also partially offsetting the reduced operating income from DeVry University were the effects of the revenue increases in the Medical and Healthcare segment and at DeVry Brasil, compared to fiscal year 2014.

Medical and Healthcare

Medical and Healthcare segment operating income decreased 3.1% to $43.3 million during the third quarter and increased 13.6% to $117.8 million during the first nine months of fiscal year 2015, as compared to the year-ago periods. Excluding the effect of restructuring charges, segment operating income increased 2.5% for the third quarter and increased 11.9% for the first nine months of fiscal year 2015 as compared to the year-ago periods. For the third quarter, revenue increases at DMI, Chamberlain and Carrington, and cost reductions at Carrington more than offset the increase in home office allocations to support growth. For the first nine months of fiscal year 2015, revenue increases across all institutions that comprise this segment drove increased operating income along with cost reductions at Carrington.

International and Professional Education

International and Professional Education segment operating income decreased 26.9% to $4.6 million during the third quarter and decreased 11.0% to $19.9 million during the first nine months of fiscal year 2015, as compared to the year-ago periods. The decreased operating income was primarily driven by decreased revenue at Becker resulting from softness in the number of CPA exam candidates. This decrease was partially offset by an increase in operating income at DeVry Brasil of approximately $1.3 million for the third quarter (approximately 20% of which is attributable to the acquisitions of FMF, Faci and Damasio), and $4.4 million for first nine months of fiscal year 2015 (approximately 10% of which is attributable to the acquisitions of FMF, Faci and Damasio).

The decline in value of the Brazilian Real as compared to the U.S. dollar reduced reported operating income by $2.1 million and $3.3 million for the third quarter and first nine months of fiscal year 2015, respectively. Without this currency effect, operating income at DeVry Brasil would have increased approximately $3.4 million and $7.7 million in third quarter and first nine months of fiscal year 2015, respectively, as compared to the year-ago period. The acquisitions of FMF, Faci and Damasio, which were acquired during fiscal year 2015, contributed approximately 25% of this DeVry Brasil operating income growth in the third quarter of fiscal year 2015 and approximately 15%, of this growth in the first nine months of fiscal year 2015.

Business, Technology and Management

Business, Technology and Management segment operating income decreased $21.4 million to $1.1 million during the third quarter compared to the year-ago period. For the first nine months of fiscal year 2015, this segment produced an operating loss of $9.2 million compared to operating income of $21.4 million during the year-ago period. The decrease in operating income for the third quarter and the operating loss experienced in the first nine months of fiscal year 2015 were primarily the result of a decline in revenue and increases of $4.5 million and $18.1 million in restructuring charges recorded in the third quarter and first nine months, respectively, as compared to the year-ago periods (as discussed earlier).

Excluding the special charges, operating income decreased 75.1% to $5.6 million during the third quarter and decreased 38.6% to $16.8 million during the first nine months of fiscal year 2015 as compared to the year-ago periods. Total segment expenses for the third quarter of fiscal year 2015, excluding the restructuring charges decreased $20.6 million or 9.4% as compared to the year-ago quarter, as a result of savings from cost reduction measures, which partially offset lower revenue in the quarter. Total segment expenses for the first nine months of fiscal year 2015, excluding restructuring charges and gain on sale of assets decreased $84.5 million or 12.3% as compared to the year-ago period, as a result of savings from cost reduction measures, which partially offset lower revenue in the period. Management continues to mitigate the effects of this challenging environment by aligning its cost structure with student enrollment. Management has announced additional consolidations and closures of DeVry University locations and further cost control measures will be necessary for the remainder of fiscal year 2015.

NET INTEREST (EXPENSE) INCOME

Interest income for the third quarter and first nine months of fiscal year 2015 of $1.3 million and $2.0 million, respectively, were higher than the year-ago periods. The increase is the result of higher invested cash balances in Brazil where interest rates exceed those in the U.S. Interest expense for the third quarter and first nine months of fiscal year 2015 of $2.8 million and $3.6 million, respectively, was higher than the year-ago periods due to interest on a higher amount of deferred purchase price agreement balances at DeVry Brasil along with recognizing deferred financing fees related to the refinancing of the DeVry Group revolving credit facility in the third quarter of fiscal year 2015.

INCOME TAXES

Taxes on income from continuing operations were 13.2% and 13.7% for the third quarter and first nine months of fiscal year 2015, respectively, compared to 18.7% and 16.9% for the third quarter and first nine months of fiscal year 2014, respectively. DeVry Group’s effective income tax rate reflects benefits derived from significant operations outside the United States. Earnings of these international operations are not subject to U.S. federal or state income taxes, so long as such earnings are not repatriated, as discussed below. Four of DeVry Group’s operating units, AUC, which operates in St. Maarten, RUSM, which operates in the Commonwealth of Dominica, RUSVM, which operates in the Federation of St. Christopher, Nevis, St. Kitts in the West Indies, and DeVry Brasil, which operates in Brazil, all benefit from local tax incentives. AUC’s effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. Both of these agreements have been extended to provide, in the case of RUSM, an indefinite period of exemption and, in the case of RUSVM, exemption until 2037. DeVry Brasil’s effective tax rate reflects benefits derived from its participation in PROUNI, a Brazilian program for providing scholarships to a portion of its undergraduate students.

DeVry Group intends to indefinitely reinvest international earnings and cash flow to improve and expand facilities and operations at AUC, RUSM, RUSVM and DeVry Brasil, and pursue other business opportunities outside the United States. Accordingly, DeVry Group has not recorded a provision for the payment of U.S. income taxes on these earnings.

DISCONTINUED OPERATIONS

In December 2013, the assets of Advanced Academics Inc. (“AAI”) were sold for $2.0 million. The results of operations of AAI for the third quarter and first nine months of fiscal years 2015 and 2014 are classified in the Consolidated Statements of Income and Consolidated Statements of Cash Flows as discontinued operations.

The reported income on discontinued operations in the third quarter and first nine months of fiscal year 2015 is comprised of $0.6 million in after tax operating income due from net settlement of service agreements, and a tax benefit adjustment of $5.0 million related to the correction of an error to properly record the income tax benefit on the impairment charge taken in the first quarter of fiscal year 2014. The reported loss on discontinued operations in the first nine months of fiscal year 2014 is comprised of $3.4 million in after tax operating losses and an impairment charge of $13.5 million for the net fair market write-down of AAI's net assets.

See "Note 3 –Discontinued Operations" to the Consolidated Financial Statements for additional disclosures.

LIQUIDITY AND CAPITAL RESOURCES

Student Payments

DeVry Group's primary source of liquidity is the cash received from payments for student tuition, books, other educational materials and fees. These payments include funds originating as financial aid from various federal and state loan and grant programs; student and family educational loans ("private loans"); employer educational reimbursements; and student and family financial resources. Private loans as a percentage of DeVry Group's total revenue is relatively small. DeVry Group continues to provide financing options for its students, including DeVry Group's institutional loan programs.

The following table summarizes DeVry Group's cash receipts from tuition and related fee payments by fund source as a percentage of total revenue for the fiscal years 2014 and 2013, respectively.

	Fiscal Year	
	2014	**2013**
Funding Source:		
Federal Assistance (Title IV) Program Funding (Grants and Loans)	60 %	66 %
State Grants	1 %	1 %
Private Loans	1 %	1 %
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance and other	38 %	32 %
Total	100 %	100 %

The pattern of cash receipts during the year is seasonal. DeVry Group's accounts receivable peak immediately after bills are issued each semester/session. Accounts receivable reach their lowest level at the end of each semester/session, dropping to their lowest point during the year at the end of December.

At March 31, 2015, total accounts receivable, net of related reserves, was $149.6 million compared to $161.2 million at March 31, 2014. The decrease in net accounts receivable was attributable to revenue declines at DeVry University, partially offset by the impact of continued revenue growth at Chamberlain and DeVry Brasil. DeVry Brasil students are eligible for loans under Brazil's FIES public loan program which is financed by the Brazilian government. The Brazilian government announced changes to this program which include extending the payment period from the government to the colleges. This change will result in a higher level of accounts receivable in Brazil.

Financial Aid

Like other higher education institutions, DeVry Group is highly dependent upon the timely receipt of federal financial aid funds. All financial 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. If there are changes to financial aid programs that restrict student eligibility or reduce funding levels, DeVry Group's financial condition and cash flows could be materially and adversely affected. Please see Part I "Item 1A Risk Factors" of DeVry Group's Annual Report on Form 10-K for the fiscal year ended June 30, 2014 and filed with the Securities and Exchange Commission on August 27, 2014, for a discussion of student financial aid related risks.

In addition, government-funded financial assistance programs are governed by extensive and complex regulations in the United States, Brazil and Canada. Like any other educational institution, DeVry Group'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 material findings or adjustments against any DeVry Group institution. A comprehensive Title IV program review of DeVry University's administration of the Title IV programs, initiated in May 2011 was closed in June 2014 with no material findings. Similar comprehensive program reviews of Carrington College-Phoenix, Ross University School of Medicine, Carrington College-California and DeVry University-Kansas City were initiated in April, May, June and August 2014, respectively, and remain open and ongoing. A comprehensive audit of DeVry University's administration of the New York Tuition Assistance Program ("NYTAP") and other grant programs was initiated in August 2014 by the New York state comptroller's office. During the third quarter of fiscal year 2015, the comptroller's office concluded the audit and submitted its report with findings to the New York State Education Department ("SED"). The findings require DeVry Group to repay $0.8 million of NYTAP funds. DeVry Group has recorded an accrual for this amount as of March 31, 2015 pending formal issuance of the report and appeal of the findings. At this point, no other material findings have been identified in any of the other reviews. Liabilities associated with any findings could include the repayment of any grant aid as well as reimbursement of the costs associated with increased defaulted loan exposure from the delivery of funds to ineligible students. In conjunction with its program review of Ross University School of Medicine, the U.S. Department of Education issued a cease and desist letter for funding students enrolled in a 5th semester course offered at two U.S. sites. The order has the potential to impact the continued Title IV eligibility for any who took the course during the period from July 2011 through September 2014. The institution provided a response to the Department of Education, clarifying the nature of the 5th semester course and has resumed Title IV funding for all of its students. Should a finding materialize related to this concern, the institution estimates its maximum liability would not materially adversely affect its business, financial conditions and/or operating results.

A U.S. Department of Education regulation known as the "90/10 Rule" affects only proprietary postsecondary institutions, such as AUC, RUSM, RUSVM, Chamberlain, Carrington and DeVry University. Under this regulation, an institution that derives more than 90% of its revenues from Title IV student financial assistance programs in two consecutive years loses eligibility to participate in these programs for at least two fiscal years.

The following table details the percentage of revenue from federal financial assistance programs for each of DeVry Group's Title IV eligible institutions for fiscal years 2014 and 2013, respectively.

	Fiscal Year	
	2014	**2013**
American University of the Caribbean School of Medicine	81 %	80 %
Ross University School of Medicine	80 %	80 %
Ross University School of Veterinary Medicine	85 %	87 %
Chamberlain College of Nursing	65 %	66 %
Carrington College:		
California	77 %	81 %
Boise	72 %	74 %
Portland	74 %	74 %
Phoenix	80 %	82 %
DeVry University:		
Undergraduate	68 %	72 %
Graduate	67 %	70 %

Under the terms of DeVry Group institutions' participation in financial aid programs, certain cash received from state governments and the U.S. Department of Education is maintained in restricted bank accounts. DeVry Group receives these funds either after the financial aid authorization and disbursement process for the benefit of the student is completed, or just prior to that authorization. Once the authorization and disbursement process for a particular student is completed, the funds may be transferred to unrestricted accounts and become available for DeVry Group to use in operations. This process generally occurs during the academic term for which such funds have been authorized. At March 31, 2015, cash in the amount of $9.7 million was held in restricted bank accounts, compared to $8.0 million at March 31, 2014.

A separate financial responsibility test for continued participation by an institution's students in U.S. 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. Institutions with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. These schools are subject to cash monitoring and other participation requirements. An institution with a score less than 1.0 is considered not financially responsible. However, a school with a score less than 1.0 may continue to participate in the Title IV programs under provisional certification. In addition, this lower score typically requires that the school be subject to cash monitoring requirements and post a letter of credit (equal to a minimum of 10 percent of the Title IV aid it received in the institution's most recent fiscal year).

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

Cash from Operations

The following table provides a summary of cash flows from continuing operations during the nine months ended March 31, 2015 and 2014 (dollars in thousands):

	For the Nine Months Ended March 31,	
	2015	2014
Net Income from Continuing Operations	$ 104,867	$ 113,630
Non-cash Items	157,646	139,687
Changes in Assets and Liabilities, Net of Effects from Acquisition and Divestiture of Components	(52,986)	10,696
Total Cash Provided by Operating Activities-Continuing Operations	$ 209,527	$ 264,013

Cash generated from continuing operations in first nine months of fiscal year 2015 was $209.5 million, compared to $264.0 million in the year-ago period. Net income from continuing operations decreased by $8.8 million in the first nine months of fiscal year 2015 compared to the year-ago period. The increase in non-cash items in the first nine months of fiscal year 2015 as compared to the year-ago period was primarily the result of an increase in the reserves for refunds and uncollectible accounts. The increase in the reserves was the result of a larger number of DeVry University undergraduate students departing their programs compared to the prior year. These accounts are reserved at a higher rate based on historical collection loss experience. In addition, net losses on disposals of land, buildings and equipment were higher in fiscal year 2015 due to increased restructuring activity at DeVry University which results in write-offs of assets.

Changes from June 30, 2014, in Assets and Liabilities, Net of Effects from Acquisition and Divestiture of Components consisted of the following:

- The decrease in combined net prepaid expenses, accounts payable and accrued expenses was $42.6 million which is $39.8 million more than the combined decrease in the year-ago period. Variations in the levels of accrued and prepaid expenses and accounts payable from period to period are caused, in part, by the timing of the period-end relative to DeVry Group’s payroll and bill payment cycles.

- The decrease in combined restricted cash, accounts receivable (excluding the provisions for refunds and uncollectible accounts) and deferred and advance tuition was $10.4 million which is $23.9 million greater than the combined increase in the year-ago period. Deferred and advance tuition increased less at March 31, 2015, compared to June 30, 2014, than the comparative year-ago period. The main driver of this change was the effect on deferred and advance tuition from the decrease in revenue at DeVry University compared to the year-ago period.

Cash Used in Investing Activities

Capital expenditures for continuing operations in the first nine months of fiscal year 2015 were $64.3 million compared to $47.6 million in the year-ago period. DeVry Group continues to invest capital in facility expansion at AUC, Ross University School of Medicine and Ross University School of Veterinary Medicine; spending for the new Chamberlain and DeVry Brasil campuses and expanding existing facilities; and facility consolidations at DeVry University.

Capital spending for the remainder of fiscal year 2015 is expected to support continued investment at AUC, Ross University School of Medicine, and Ross University School of Veterinary Medicine; and facility improvements and planned new locations for Chamberlain and DeVry Brasil. Management anticipates full year fiscal year 2015 capital spending to be in the $95 to $100 million range.

On October 1, 2014, DeVry Brasil completed the acquisition of Faculdade Martha Falcao (“FMF”) which is located in the city of Manaus in the state of Amazonas in northern Brazil. Under the terms of the agreement, DeVry Brasil agreed to pay approximately $11.4 million in cash, in exchange for the stock of FMF. The majority of the payments were made in the second quarter of fiscal year 2015, with payments of approximately $1.6 million required over the succeeding two years. FMF serves approximately 3,500 students and offers undergraduate and graduate programs in business, accounting, law, information technology and engineering.

On January 2, 2015, DeVry Brasil completed the acquisition of Faculdade Ideal ("Faci") which is located in Belém, Pará in northern Brazil. Under the terms of the agreement, DeVry Brasil agreed to pay approximately $0.1 million in cash, in exchange for the stock of Faci. The payment was made in the third quarter of fiscal year 2015. Faci serves approximately 2,500 students and offers undergraduate programs in high-demand career fields such as law, education, accounting, technology and engineering. The acquisition of Faci further expands DeVry Brasil's presence in the northeast and northern areas of the country.

On February 2, 2015, DeVry Brasil completed the acquisition of Damásio Educacional ("Damasio"). Under the terms of the agreement, DeVry Brasil agreed to pay approximately $81.4 million in cash, in exchange for the stock of Damasio. The majority of the payments were made in the third quarter of fiscal year 2015, with payments of approximately $15.4 million required over the succeeding five years. Damasio is a leader in bar exam test preparation and operates a law school. Damasio has a 44-year history in Brazil and serves more than 50,000 students through a network of approximately 220 learning centers located in many major cities throughout Brazil and through distance learning. The law school has three locations in São Paulo. The acquisition of Damasio establishes DeVry Brasil's presence in São Paulo and the southeast of Brasil.

During the first quarter of fiscal year 2014, management completed the sale of the former DeVry University campus in Decatur, GA, which was vacated a number of years ago. The net proceeds on this sale were approximately $6.7 million which resulted in the recording of a pre-tax gain of $1.9 million in the first quarter of fiscal year 2014.

During the second quarter of fiscal year 2015, management completed the sale of a former DeVry Group facility in Wood Dale, IL which was vacated a number of years ago. The net proceeds on this sale were approximately $6.1 million which was the approximate net book value of the facility on the date of sale so no material gain or loss on the sale was recorded.

Cash Used in Financing Activities

DeVry Group's consolidated cash balances of $402.1 million at March 31, 2015 included approximately $185.3 million of cash attributable to DeVry Group's international operations. It is DeVry Group's intention to indefinitely reinvest this cash and subsequent earnings and cash flow to improve and expand facilities and operations of its international schools and pursue future business opportunities outside the United States. Therefore, cash held by international operations will not be available for domestic general corporate purposes. Management does not believe that this policy will adversely affect DeVry Group's overall liquidity. Should it be necessary to repatriate the international cash balances to the U.S., the repatriated cash would be subject to taxation at U.S. tax rates.

Historically, DeVry Group has produced positive domestic cash flows from operating activities sufficient to fund the delivery of its domestic educational programs and services as well as to fund capital investment and other activities including share repurchases and dividend payments. In addition, DeVry Group maintains a $400 million revolving line of credit which can be expanded with bank approval to $550 million at the option of DeVry Group. For the first nine months of fiscal year 2015, cash flows from domestic operating activities were approximately $193 million which when added to DeVry Group's beginning of the year domestic cash balances, was sufficient to fund approximately $41 million of domestic capital investment, repurchase $18.7 million in common stock and pay dividends of $11.6 million in addition to funding other investment and financing activities.

Management believes that current balances of unrestricted cash, cash generated from operations and the revolving credit facility will be sufficient to fund both DeVry Group's current domestic and international operations and growth plans, and current share repurchase program, for the foreseeable future unless future significant investment opportunities should arise.

Revolving Credit Facility

DeVry Group entered into a revolving credit facility on March 31, 2015 which expires on March 31, 2020. This facility replaced a similar facility that was to expire on May 10, 2016. The Credit Agreement provides for a five-year multi-currency revolving credit facility in the amount of $400 million (the "Aggregate Commitment") with availability in currencies other than United States dollars of up to $200 million. Up to $50 million of the Aggregate Commitment is available for letters of credit. Subject to certain conditions set forth in the Credit Agreement, the Aggregate Commitment may be increased up to $550 million. DeVry Group may select interest rates for borrowings under the Credit Agreement equal to LIBOR or a LIBOR-equivalent rate for Eurocurrency Rate Loans or a base rate, plus an applicable rate based on the DeVry Group's consolidated leverage ratio, as defined in the Credit Agreement. The applicable rate ranges from 2% to 3% for Eurocurrency Rate Loans, and from 1% to 2% for Base Rate Loans. Outstanding letters of credit under the revolving credit agreement are charged a fee for the undrawn face amount of the letter of credit, payable quarterly. The agreement also requires payment of a commitment fee for the undrawn portion of the credit facility. The interest rate margin, letter of credit fees and commitment fees are adjustable quarterly, based upon DeVry Group's achievement of certain financial ratios. DeVry Group's letters of credit outstanding under the revolving credit facility were approximately $0.1 million as of March 31, 2015.

The revolving credit agreement contains certain covenants that, among other things, require maintenance of financial ratios, as defined in the agreement. Maintenance of these financial ratios could place restrictions on DeVry Group's ability to pay dividends. These financial ratios include a consolidated fixed charge coverage ratio, a consolidated leverage ratio and a composite Equity, Primary Reserve and Net Income Department of Education financial responsibility ratio. Failure to maintain any of these ratios or to comply with other covenants contained in the agreement will constitute an event of default and could result in termination of the agreements and require payment of all outstanding borrowings. DeVry Group was in compliance with all debt covenants as of March 31, 2015.

Other Contractual Arrangements

DeVry Group's long-term contractual obligations consist of its $400 million revolving line of credit (discussed above), operating leases on facilities and equipment, and agreements for various services.

In addition, DeVry Group has recorded liabilities for deferred purchase price agreements with sellers related to the acquisitions of FBV, Facid, Joao Pessoa, FMF and Damasio (see "Note 8 - Business Combinations" of the notes to the Consolidated Financial Statements). This financing is in the form of holdbacks of a portion of the purchase price of these acquisitions or installment payments. Payments are made under these agreements based on payment schedules.

DeVry Group is not a party to any off-balance sheet financing or contingent payment arrangements, nor are there any unconsolidated subsidiaries. DeVry Group has not extended any loans to any officer, director or other affiliated person. DeVry Group has not entered into any synthetic leases, and there are no residual purchase or value commitments related to any facility lease. DeVry Group did not enter into any significant derivatives, swaps, futures contracts, calls, hedges or non-exchange traded contracts during the first nine months of fiscal year 2015. DeVry Group had no open derivative positions at March 31, 2015.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09: "Revenue from Contracts with Customers (Topic 606)". This guidance was issued to clarify the principles for recognizing revenue and develop a common revenue standard for U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and International Financial Reporting Standards ("IFRS"). The guidance is effective for the fiscal years and interim periods within those years beginning after December 15, 2016. Management is evaluating the impact the guidance will have on DeVry Group's consolidated financial statements.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08: “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity”. This guidance requires that only disposals representing a strategic shift in operations be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. The guidance is effective for the fiscal years beginning on or after December 15, 2014, and interim periods within those years beginning on or after December 15, 2015.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11:“Income Taxes (Topic 740): Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists”. This guidance requires an unrecognized tax benefit related to a net operating loss carryforward, a similar tax loss or a tax credit carryforward to be presented as a reduction to a deferred tax asset, unless the tax benefit is not available at the reporting date to settle any additional income taxes under the tax law of the applicable tax jurisdiction. The guidance was effective for the first quarter of fiscal year 2015 and its adoption did not have a significant impact on DeVry Group’s consolidated financial statements.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

DeVry Group is not dependent upon the price levels, nor affected by fluctuations in pricing, of any particular commodity or group of commodities. However, more than 50% of DeVry Group’s costs are in the form of employee wages and benefits. Changes in employment market conditions or escalations in employee benefit costs could cause DeVry Group to experience cost increases at levels beyond what it has historically experienced.

The financial position and results of operations of DeVry Medical International’s Caribbean operations are measured using the U.S. dollar as the functional currency. Substantially all of these financial transactions are denominated in the U.S. dollar.

The financial position and results of operations of DeVry Group's investment in DeVry Brasil are measured using the Brazilian Real as the functional currency. DeVry Brasil has not entered into any material long-term contracts to purchase or sell goods and services, other than the lease agreements on teaching facilities and contingencies relating to prior acquisitions. Currently, DeVry Group does not have any foreign exchange contracts or derivative financial instruments designed to mitigate changes in the value of the Brazilian Real. Brazilian-based assets constitute approximately 12.9% of DeVry Group's overall assets, and its Brazilian liabilities constitute approximately 8.9% of overall liabilities. The Brazilian Real has experienced a significant devaluation in relation to the U.S. dollar over the past nine months, declining approximately 31%. These changes in exchange rates over the past nine months have resulted in a $65.3 million charge to Accumulated Other Comprehensive Loss over that time period. Based upon the current value of the net assets in DeVry Brasil's operations, a change of $0.01 in the value of the Brazilian Real relative to the U.S. dollar results in a translation adjustment to Accumulated Other Comprehensive Income of approximately $8.5 million. Since there are very few transactions between DeVry Brasil and DeVry Group's U.S. based subsidiaries, changes in the value of Brazil's currency at rates experienced during the past several years are unlikely to have a material effect on DeVry Group's results of operations; however, the decline in value has resulted in lower than expected U.S.-translated revenues and operating income.

The interest rate on DeVry Group's revolving credit facility is based upon LIBOR or a LIBOR-equivalent rate for Eurocurrency Rate Loans or a base rate for periods typically ranging from one to three months. Based upon borrowings of $50 million, a 100 basis point increase in short-term interest rates would result in approximately $0.5 million of additional annual interest expense. At March 31, 2015, DeVry Group had no outstanding borrowings under this facility. However, future investment opportunities and cash flow generated from operations may affect the level of outstanding borrowings and the effect of a change in interest rates.

DeVry Group's customers are principally individual students enrolled in its various educational programs. Accordingly, concentration of accounts receivable credit risk is small relative to total revenues or accounts receivable.

DeVry Group's cash is held in accounts at various large, financially secure depository institutions. Although the amount on deposit at a given institution typically will exceed amounts subject to guarantee, DeVry Group has not experienced any deposit losses to date, nor does management expect to incur such losses in the future.

ITEM 4 — CONTROLS AND PROCEDURES

Principal Executive and Principal Financial Officer Certificates

The required compliance certificates signed by the DeVry Group's CEO and CFO are included as Exhibits 31 and 32 of this Quarterly Report on Form 10-Q.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to help ensure that all the information required to be disclosed in DeVry Group’s reports filed under the Securities Exchange Act of 1934 (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified by the applicable rules and forms.

DeVry Group’s Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that DeVry Group’s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) are effective to ensure that information required to be disclosed in the reports that DeVry Group files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and (ii) is accumulated and communicated to DeVry Group’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the first nine months of fiscal year 2015 that materially affected, or are reasonably likely to materially affect, DeVry Group’s internal control over financial reporting.

PART II— Other Information

ITEM 1 – LEGAL PROCEEDINGS

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

In April 2013, DeVry Group received a subpoena from the Office of the Attorney General of the State of Illinois and a Civil Investigative Demand (a "CID") issued by the Office of the Attorney General of the Commonwealth of Massachusetts. The Illinois subpoena concerns potential state law implications in the event violations of federal law took place. It was issued pursuant to the Illinois False Claims Act in connection with an investigation concerning whether the compensation practices of DeVry Group and certain of its affiliates are in compliance with the Incentive Compensation Ban of the Higher Education Act and required DeVry Group to provide documents relating to these matters for periods on or after January 1, 2002. DeVry Group responded to the subpoena in May 2013. The Massachusetts CID was issued in connection with an investigation into whether DeVry Group caused false claims and/or false statements to be submitted to the Commonwealth of Massachusetts relating to student loans, guarantees, and grants provided to DeVry Group's Massachusetts students and required DeVry Group to answer interrogatories and to provide documents relating to periods on or after January 1, 2007. DeVry Group responded to the CID in May 2013. The timing or outcome of the aforementioned matters, or their possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

On January 28, 2014, DeVry Group received a CID for information from the Federal Trade Commission ("FTC") relating to the advertising, marketing, or sale of secondary or postsecondary educational products or services, or educational accreditation products or services. The stated nature and scope of the CID was to determine whether unnamed persons and/or entities have violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended and, if so, whether further FTC action would be in the public interest. Since receiving the CID, DeVry Group has negotiated its scope with the FTC to the operations of DeVry Group's Title IV eligible institutions, including DeVry University, and has produced, and continues to produce, responsive information. DeVry Group continues to cooperate with the FTC's inquiry, and is presently in discussions with the FTC's Staff regarding concerns and potential claims the Staff may recommend for consideration by more senior representatives within the FTC's Bureau of Consumer Protection. DeVry Group will take every opportunity to address any concerns or potential claims and demonstrate that the FTC should close its inquiry. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

On July 15, 2014, DeVry Group received a letter dated July 9, 2014 from the New York Office of the Attorney General ("NYOAG"). The letter requested cooperation with the NYOAG's inquiry into whether recent television advertisements and website marketing regarding DeVry University may have violated federal and state laws prohibiting false advertising and deceptive practices. The letter requested relevant information from January 1, 2011, to the date of the aforementioned letter request to enable NYOAG to make a determination of what action, if any, is warranted. DeVry Group has cooperated fully with the request. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

On April 10, 2015, DeVry Group received from the Office of the United States Attorney for the Northern District of Ohio compulsory requests for documents and information from 2007 through April 1, 2015. The requests address allegations under the False Claims Act that DeVry University offered an associate degree program in Health Information Technology without providing necessary information to applicants regarding requirements for obtaining a degree and a job in the health information technology field upon graduation. DeVry Group is cooperating with the U.S. Attorney with a view toward demonstrating the compliant nature of its practices. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

ITEM 1A — RISK FACTORS

In addition to the other information set forth in this report, and the update to the risk factors described below, the factors discussed in Part I "Item 1A. Risk Factors" in DeVry Group's Annual Report on Form 10-K for the fiscal year ended June 30, 2014, and Part II "Item 1A Risk Factors" in DeVry Group's Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2014 and December 31, 2014, which could materially affect DeVry Group's business, financial condition or future results, should be carefully considered. Such risks are not the only risks facing DeVry Group. Additional risks and uncertainties not currently known to DeVry Group or that management currently deems to be immaterial also may materially adversely affect its business, financial condition and/or operating results.

A coordinated regulatory and enforcement effort aimed at for-profit institutions of higher education, that could include federal and state governments and their licensing bodies and regulatory agencies, accreditors and other non-governmental organizations, could be a catalyst for legislative or regulatory restrictions, investigations, enforcement actions, and claims that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations and cash flows.

The industry is experiencing broad-based, intensifying scrutiny in the form of coordinated investigations and enforcement actions. In October 2014, the U.S. Department of Education ("ED") announced it will be leading an interagency task force (the "Task Force"), formalizing a task force that had been operating for over a year in connection with several investigations. The Task Force is comprised of ED, the Federal Trade Commission ("FTC"), the U.S. Departments of Justice, Treasury and Veterans Affairs, the Consumer Financial Protection Bureau ("CFPB"), the Securities and Exchange Commission ("SEC"), and numerous state attorneys general. The stated purpose of the Task Force is to "coordinate … activities and promote information sharing to protect students from unfair, deceptive, and abusive policies and practices." Various federal agencies, including the CFPB, the SEC, and the FTC, are actively investigating or suing members of the sector, and at least 30 state attorneys general have joined an examination of potential abuses within the for-profit education industry.

As described in Part II, Item 1 – "Legal Proceedings," the FTC and state attorneys general from Illinois, New York and Massachusetts have initiated inquiries into the practices of our institutions. The coordinated scrutiny facing the industry could directly or indirectly influence the disposition of these existing inquiries or lead to the initiation of other inquiries or claims, which could, directly or indirectly, have a material adverse effect on our business, financial condition, results of operations and cash flows.

Adverse publicity arising from investigations, claims or actions brought against us or other proprietary higher education institutions may negatively affect our reputation, business or stock price, or attract additional investigations or regulatory action, which could, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations and cash flows.

Adverse publicity regarding any pending or future investigations, claims and/or actions against us or other proprietary institutions could negatively affect our reputation, business and/or the market price of our common stock. Unresolved investigations, claims and actions, or adverse resolutions thereof, could also result in increased scrutiny, the withholding of authorizations and/or the imposition of other sanctions by state education and professional licensing authorities, taxing authorities, our accreditors and other regulatory agencies governing us, which, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Government and regulatory agencies and third parties have initiated, and could initiate additional investigations, claims or actions against us, which could require us to pay monetary damages, halt certain business practices or receive other sanctions. The defense and resolution of these matters could require us to expend significant resources and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may incur significant defense costs and other expenses in connection with our response to, and defense and resolution of, investigations, claims or actions, or group of related investigations, claims or actions, which, individually or in the aggregate, could be outside the scope of, or in excess of, our existing insurance coverage and could have a material adverse effect on our financial condition, results of operations and cash flows. As part of our resolution of any such matter, or group of related matters, we may be required to comply with certain injunctive relief, including altering certain business practices or requiring us to pay substantial damages, settlement costs, fines and/or penalties. Such actions, individually or combined with other proceedings, could have a material adverse effect on our business, financial condition, results of operations and cash flows. An adverse outcome in any of these matters could also materially and adversely affect our ability to obtain or renew licenses or accreditation and maintain eligibility to participate in Title IV programs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are subject to risks relating to regulatory matters. If we fail to comply with the extensive regulatory requirements for our operations, we could face fines and penalties, including loss of access to federal and state student financial aid for our students as well as significant civil liability, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As a provider of higher education, we are subject to extensive regulation. In particular, in the United States, the Higher Education Act, as amended and reauthorized (the "Higher Education Act"), subjects our U.S. degree granting institutions (DeVry University, Chamberlain College of Nursing and Carrington College) and all other higher education institutions, including our Ross University School of Medicine, Ross University School of Veterinary Medicine and American University of the Caribbean School of Medicine, that participate in the various federal student financial aid programs under Title IV of the Higher Education Act ("Title IV") to significant regulatory scrutiny.

To participate in Title IV financial aid programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting commission recognized by the ED, and be certified by ED as an eligible institution, which ultimately is accomplished through the execution of a Program Participation Agreement ("PPA").

These regulatory requirements cover virtually all phases of our U.S. postsecondary operations, including educational program offerings, facilities, instructional and administrative staff, administrative procedures, marketing and recruiting, financial operations, payment of refunds to students who withdraw, acquisitions or openings of new schools or programs, addition of new educational programs and changes in our corporate structure and ownership.

Our institutions that participate in Title IV programs each do so pursuant to a PPA that, among other things, includes commitments to abide by all applicable laws and regulations, such as the Incentive Compensation, Substantial Misrepresentation, and Gainful Employment ("GE") regulations. Alleged violations of such laws or regulations may form the basis of civil actions for violation of state and/or federal false claims statutes predicated on violations of a PPA, including pursuant to qui tam actions, that have the potential to generate very significant damages linked to our receipt of Title IV funding from the government over a period of several years.

On October 31, 2014, the ED published new GE regulations impacting programs required to prepare graduates for gainful employment in a recognized occupation. Almost all academic programs offered by Title IV-participating private sector institutions of higher education must prepare students for gainful employment in a recognized occupation. The new GE regulations will be effective July 1, 2015.

The new GE regulations have a framework with three components:

Certification: Institutions must certify that each of their gainful employment programs meet state and federal licensure, certification, and accreditation requirements.

Accountability Measures: To maintain Title IV eligibility, gainful employment programs will be required to meet minimum standards for the debt burden versus the earnings of their graduates.

Pass: Programs whose graduates have annual loan payments less than 8% of total earnings or less than 20% of discretionary earnings.

Zone: Programs whose graduates have annual loan payments between 8% and 12% of total earnings or between 20% and 30% of discretionary earnings.

Fail: Programs whose graduates have annual loan payments greater than 12% of total earnings and greater than 30% of discretionary earnings.

Programs that fail in two out of any three consecutive years or are in the Zone for four consecutive years will be disqualified from participation in the Title IV programs.

Transparency: Institutions will be required to make public disclosures regarding the performance and outcomes of their gainful employment programs. The disclosures will include information such as costs, earnings, debt and completion rates.

The GE regulations are being legally challenged through two separate lawsuits by the Association of Private Sector Colleges and Universities and the New York Association of Private Colleges. The outcome of either or both lawsuits could result in sustaining the regulation, delaying its implementation, modifying the requirements of the regulation or outright rescission of the rule.

The accountability measures will typically weigh a calculated debt burden from graduates who completed their studies three and four years prior to the measuring academic year and earnings from the most recent calendar year prior to the conclusion of the measuring academic year. Thus for the 2014-2015 academic year, the cohort will include graduates from the 2010-2011 and 2011-2012 academic years and earnings for these graduates from calendar year 2014, which are not available at this time. Debt burdens for students enrolled in programs that require an internship or residency prior to licensure, such as the medical doctor degrees offered by AUC and RUSM, are calculated from cohorts who completed their studies six and seven years prior to the measuring academic year.

Because the information necessary to determine how its programs will fare under the accountability measures is not available at this time, we are unable to predict reliably the impact of the new GE regulations in the future when they do become effective. The regulations contemplate a transition period in the first several years to afford institutions the opportunity to make changes to their programs and retain Title IV eligibility. We are using currently-available data to evaluate whether certain of our programs are at risk to fail the new requirements, or fall into the Zone, and concurrently evaluating available options to bring at-risk programs into compliance.

Under this framework, we believe that under 10% of the programs across DeVry University and Carrington are at risk of falling into the Fail category. In addition, there are a number of programs that are at risk of falling into the Zone category, including the Doctor of Veterinary Medicine Program. Management expects that certain programs will be able to avoid falling into the Zone or Fail categories through adjustments to program price, including through scholarships, or, if appropriate and consistent with programmatic standards, the duration of programs. If such adjustments are necessary, we estimate the cost would be in the $12 million range for fiscal year 2016 and would be incurred in the first quarter. For programs where such adjustments are not feasible, we may discontinue such programs or seek to establish relationships with third-party lenders to support student tuition and other expenses. These adjustments could have a significant impact on our business, financial condition, results of operations and cash flows.

Our goodwill and intangible assets could potentially be impaired if our business results and financial condition were materially and adversely impacted by the risks and uncertainties.

At March 31, 2015 intangible assets from business combinations totaled $325.0 million, and goodwill totaled $561.4 million. Together, these assets equaled approximately 41% of total assets as of such date. If our or any of our subsidiaries' business results and financial condition were materially and adversely impacted, then such goodwill and intangible assets could be impaired, requiring possible write-off of up to $325.0 million of intangible assets and up to $561.4 million of goodwill.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as part of Publically Announced Plans or Programs (1)	Approximate Dollar Value of Share that May yet be Purchased Under the Plans or Programs (1)
January 2015	60,160	$ 43.37	60,160	$ 65,573,318
February 2015	57,152	$ 38.42	57,152	$ 63,377,584
March 2015	66,176	$ 35.17	66,176	$ 61,049,884
Total	183,488	$ 38.87	183,488	$ 61,049,884

(1) On August 29, 2012, the Board of Directors authorized a share repurchase program to buy back up to $100 million of DeVry Group common stock through December 31, 2014. The total remaining authorization under this share repurchase program was $61,049,884 million as of March 31, 2015. DeVry Group suspended repurchases under this plan in May 2013. In August 2014, the Board of Directors extended the repurchase plan through December 31, 2015

and authorized resumption of share repurchases, which DeVry Group began in September 2014.

Other Purchases of Equity Securities

Period	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as part of Publically Announced Plans or Programs	Approximate Dollar Value of Share that May yet be Purchased Under the Plans or Programs
January 2015	642	$ 43.93	NA	NA
February 2015	3,570	$ 37.06	NA	NA
March 2015	195	$ 36.55	NA	NA
Total	4,407	$ 38.04	NA	NA

(2) Represents shares delivered back to the issuer for payment of withholding taxes from employees for vesting restricted shares and shares swapped for payment on exercise of incentive stock options pursuant to the terms of DeVry Group's stock incentive plans.

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ITEM 4 - MINE SAFETY DISCLOSURES

Not applicable.

ITEM 6 — EXHIBITS

Exhibit 4.1	Credit Agreement dated March 31, 2015, among DeVry Education Group Inc. and Certain Subsidiaries of DeVry Education Group Inc. Identified Therein, as the Borrowers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith as Sole Lead Arranger and Sole Bookrunner, PNC Bank, National Association, as Syndication Agent, Bank of Montreal and The Northern Trust Company, as Co-Documentation Agents, and The Other Lenders Party Thereto (the “Credit Agreement”) (incorporated by reference to Exhibit 4.1 to the Registrant’s Form 8-K dated March 31, 2015)
Exhibit 4.2	Schedules to Credit Agreement (incorporated by reference to Exhibit 4.2 to the Registrant’s Form 8-K dated March 31, 2015)
Exhibit 4.3	Exhibits to Credit Agreement (incorporated by reference to Exhibit 4.3 to the Registrant’s Form 8-K dated March 31, 2015)
Exhibit 31	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended
Exhibit 32	Certification Pursuant to Title 18 of the United States Code Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DeVry Education Group Inc.

Date: May 8, 2015

By /s/ Timothy J. Wiggins
Timothy J. Wiggins
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

By /s/ Patrick J. Unzicker
Patrick J. Unzicker
Chief Accounting Officer and Treasurer
(Principal Accounting Officer)

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