DEVRY INC
Form 10-Q
May 05, 2011

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

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: March 31, 2011

OR

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

For the transition period from to

Commission file number: 1-13988

DeVry Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	**36-3150143**
(State or other jurisdiction of Incorporation or organization)	*(I.R.S. Employer Identification No.)*
3005 HIGHLAND PARKWAY DOWNERS GROVE, ILLINOIS	**60515**
(Address of principal executive offices)	*(Zip Code)*

Registrant s telephone number; including area code:
(630) 515-7700

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

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

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

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

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date: April 30, 2011 68,788,567 shares of Common Stock, $0.01 par value

DEVRY INC.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011
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DEVRY INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2011	June 30, 2010	March 31, 2010
	(Dollars in thousands)		
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 596,515	$ 307,702	$ 439,897
Marketable Securities and Investments	2,556	15,666	61,781
Restricted Cash	7,378	2,102	55,869
Accounts Receivable, Net	223,953	119,210	155,902
Deferred Income Taxes, Net	26,290	22,340	22,489
Prepaid Expenses and Other	31,030	32,627	32,645
Total Current Assets	887,722	499,647	768,583
Land, Buildings and Equipment:			
Land	54,274	53,914	53,965
Buildings	302,843	283,044	283,367
Equipment	361,837	346,979	385,703
Construction In Progress	73,713	38,188	8,958
	792,667	722,125	731,993
Accumulated Depreciation	(354,711)	(333,988)	(359,981)
Land, Buildings and Equipment, Net	437,956	388,137	372,012
Other Assets:			
Intangible Assets, Net	191,870	194,195	196,003
Goodwill	517,822	514,864	515,052
Perkins Program Fund, Net	13,450	13,450	13,450
Other Assets	21,607	17,533	15,127
Total Other Assets	744,749	740,042	739,632
TOTAL ASSETS	$ 2,070,427	$ 1,627,826	$ 1,880,227
LIABILITIES:			
Current Liabilities:			
Current Portion of Debt	$	$	$ 44,757
Accounts Payable	63,741	90,364	89,152
Accrued Salaries, Wages and Benefits	69,410	92,368	69,552
Accrued Expenses	45,338	53,565	55,019
Advance Tuition Payments	22,435	20,930	24,170
Deferred Tuition Revenue	398,452	86,627	366,113

Total Current Liabilities	599,376	343,854	648,763
Other Liabilities:			
Deferred Income Taxes, Net	63,874	43,368	48,281
Deferred Rent and Other	62,130	56,216	51,059
Total Other Liabilities	126,004	99,584	99,340
TOTAL LIABILITIES	725,380	443,438	748,103
NON-CONTROLLING INTEREST	6,466	5,007	4,518
SHAREHOLDERS EQUITY:			
Common Stock, $0.01 Par Value, 200,000,000 Shares Authorized; 68,966,000; 71,030,000 and 71,231,000 Shares Issued and Outstanding at March 31, 2011, June 30, 2010 and March 31, 2010, Respectively	736	734	733
Additional Paid-in Capital	238,813	224,209	217,805
Retained Earnings	1,300,862	1,055,591	991,295
Accumulated Other Comprehensive Income	13,662	9,896	9,995
Treasury Stock, at Cost (4,638,000; 2,394,000 and 2,077,000 Shares, Respectively)	(215,492)	(111,049)	(92,222)
TOTAL SHAREHOLDERS EQUITY	1,338,581	1,179,381	1,127,606
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 2,070,427	$ 1,627,826	$ 1,880,227

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

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DEVRY INC.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands Except Per Share Amounts)
(Unaudited)

	For the Quarter Ended March 31,		For the Nine Months Ended March 31,	
	2011	**2010**	**2011**	**2010**
REVENUES:				
Tuition	$ 521,484	$ 468,143	$ 1,528,003	$ 1,318,491
Other Educational	41,246	36,242	107,618	90,016
Total Revenues	562,730	504,385	1,635,621	1,408,507
COSTS AND EXPENSES:				
Cost of Educational Services	232,914	214,300	690,912	610,748
Student Services and Administrative Expense	192,589	168,065	560,114	487,425
Total Operating Costs and Expenses	425,503	382,365	1,251,026	1,098,173
Operating Income	137,227	122,020	384,595	310,334
INTEREST AND OTHER (EXPENSE) INCOME:				
Interest Income	435	476	1,239	1,550
Interest Expense	(348)	(336)	(841)	(1,253)
Net Investment Gain		81		1,225
Net Interest and Other (Expense) Income	87	221	398	1,522
Income Before Income Taxes	137,314	122,241	384,993	311,856
Income Tax Provision	44,405	41,321	129,851	103,775
NET INCOME	92,909	80,920	255,142	208,081
Net (Income) Loss Attributable to Non-controlling Interest	(9)	232	65	252
NET INCOME ATTRIBUTABLE TO DEVRY INC.	$ 92,900	$ 81,152	$ 255,207	$ 208,333
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO DEVRY INC. SHAREHOLDERS:				
Basic	$ 1.34	$ 1.14	$ 3.64	$ 2.92
Diluted	$ 1.32	$ 1.12	$ 3.60	$ 2.88

Cash Dividend Declared per Common Share	$		$		$	0.12	$	0.10

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

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DEVRY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended March 31, 2011	2010
	(Dollars in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 255,142	$ 208,081
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Stock-Based Compensation Expense	11,192	7,901
Depreciation	43,289	38,381
Amortization	4,589	9,328
Provision for Refunds and Uncollectible Accounts	73,534	71,094
Deferred Income Taxes	16,220	(4,807)
Loss on Disposals of Land, Buildings and Equipment	262	398
Unrealized Net Gain on Investments		(1,225)
Changes in Assets and Liabilities:		
Restricted Cash	(5,276)	(50,516)
Accounts Receivable	(177,807)	(122,113)
Prepaid Expenses and Other	(6,225)	2,834
Accounts Payable	(26,631)	17,560
Accrued Salaries, Wages, Benefits and Expenses	(16,267)	16,558
Advance Tuition Payments	1,384	(3,595)
Deferred Tuition Revenue	311,825	291,449
NET CASH PROVIDED BY OPERATING ACTIVITIES	485,231	481,328
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital Expenditures	(91,299)	(101,599)
Marketable Securities Purchases	(91)	(47)
Marketable Securities Sales	13,495	
Other	(627)	(700)
NET CASH USED IN INVESTING ACTIVITIES	(78,522)	(102,346)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Exercise of Stock Options	3,081	9,632
Proceeds from Stock Issued Under Employee Stock Purchase Plan	1,033	756
Repurchase of Common Stock for Treasury	(104,746)	(22,671)
Cash Dividends Paid	(15,529)	(12,839)
Excess Tax Benefit from Stock-Based Payments	561	2,728
Borrowings Under Revolving Credit Facility		70,000
Repayments Under Revolving Credit Facility		(150,000)
Borrowings Under Collateralized Line of Credit		242
Repayments Under Collateralized Line of Credit		(296)

NET CASH USED IN FINANCING ACTIVITIES	(115,600)	(102,448)
Effects of Exchange Rate Differences	(2,296)	(1,839)
NET INCREASE IN CASH AND CASH EQUIVALENTS	288,813	274,695
Cash and Cash Equivalents at Beginning of Period	307,702	165,202
Cash and Cash Equivalents at End of Period	**$** 596,515	$ 439,897
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Period For:		
Interest	$ 234	$ 684
Income Taxes, Net	117,417	92,126
Non-cash Investing and Financing Activity:		
Accretion of Non-controlling Interest Put Option	1,524	1,582

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

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DEVRY INC.

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1: INTERIM FINANCIAL STATEMENTS

The interim consolidated financial statements include the accounts of DeVry Inc. (DeVry) 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. The June 30, 2010 data presented were 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 s Annual Report on Form 10-K for the fiscal year ended June 30, 2010, and DeVry s Quarterly Reports on Form 10-Q for the quarters ended September 30, 2010 and December 31, 2010, each as filed with the Securities and Exchange Commission.

The results of operations for the three and nine months ended March 31, 2011, are not necessarily indicative of results to be expected for the entire fiscal year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Marketable Securities and Investments

DeVry owns investments in marketable securities that have been designated as available for sale in accordance with authoritative guidance. Available for sale securities are carried at fair value with the unrealized gains and losses reported in the Consolidated Balance Sheets as a component of Accumulated Other Comprehensive Income.

DeVry s marketable securities consist of investments in mutual funds. The following is a summary of our available-for-sale marketable securities at March 31, 2011 (dollars in thousands):

		Gross Unrealized		
	Cost	**(Loss)**	**Gain**	**Fair Value**
Marketable Securities:				
Bond Mutual Fund	$ 895	$	$ 36	$ 931
Stock Mutual Funds	2,001	(376)		1,625
Total Marketable Securities	$ 2,896	$ (376)	$ 36	$ 2,556

Investments are classified as short-term if they are readily convertible to cash or have other characteristics of short-term investments such as highly liquid markets or maturities within one year. All mutual fund investments are recorded at fair market value based upon quoted market prices. At March 31, 2011, all of the Bond and Stock mutual fund investments are held in a rabbi trust for the purpose of paying benefits under DeVry s non-qualified deferred compensation plan.

As of March 31, 2011, all unrealized losses in the above table have been in a continuous unrealized loss position for more than one year. When evaluating its investments for possible impairment, DeVry reviews factors such as length of time and extent to which fair value has been less than cost basis, the financial condition of the issuer, and DeVry s ability and intent to hold the investment for a period of time believed to be sufficient for anticipated recovery in fair value. The decline in value of the above investments is considered temporary in nature and, accordingly, DeVry does not consider these investments to be other-than-temporarily impaired as of March 31, 2011.

As of June 30, 2010, DeVry held auction-rate debt securities in the aggregate principal amount of $13.5 million. These outstanding securities were purchased by DeVry s broker, UBS, in early July 2010.

Realized gains and losses are computed on the basis of specific identification and are included in Net Interest and Other Income/(Expense) in the Consolidated Statements of Income. DeVry has not recorded any realized gains or realized losses for fiscal 2011. See Note 4 for further disclosures on the Fair Value of Financial Instruments.

Prepaid Clinical Fees

Clinical rotation costs for Ross University medical students are included in Cost of Educational Services. Over the past several years, Ross University has entered into long-term contracts with a hospital group to secure clinical rotations for its students at fixed rates in exchange for prepayment of the rotation fees. Under the contracts, the established rate-per-clinical rotation was being deducted from the prepaid balance and charged to expense as the medical students utilized the clinical clerkships. The hospital group closed two of its hospitals due to financial difficulties in February 2009. To date, the hospital group has provided Ross with a limited number of additional clinical clerkships at its remaining hospital, but not nearly enough to offset the void created by the closure of its other two hospitals. During April 2009, Ross filed a lawsuit against the hospital group to enforce the contract. The suit seeks specific performance of the hospital group s obligations to provide Ross with the prepaid clinical clerkships. As of March 31, 2011, the outstanding balance of prepaid clinical rotations with this hospital group was approximately $6.2 million. Though DeVry believes that Ross has a contractual right to utilize other clinical rotations within the hospital group s system, given the business uncertainty of this situation, a reserve of $1.6 million has been provided against the prepaid balance.

Internal-Use Software Development Costs

DeVry 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 five 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, Buildings and Equipment section of the Consolidated Balance Sheets. Costs capitalized during the three and nine months ended March 31, 2011, were approximately $6.6 million and $18.4 million, respectively. Costs capitalized during the three and nine months ended March 31, 2010, were approximately $7.6 million and $20.0 million, respectively. In both years these costs were primarily related to Project DELTA (a new student information system for DeVry University and Chamberlain College of Nursing). As of March 31, 2011 and 2010, the net balance of capitalized software development costs was $62.2 million and $28.4 million, respectively.

Perkins Program Fund

DeVry University is required, under 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 federal government. There were no new federal contributions received in fiscal 2011 or fiscal 2010. DeVry carries its investment in such contributions at original values, net of allowances for expected losses on loan collections, of $2.6 million at March 31, 2011 and 2010. 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 federal contributions to this revolving loan program do not belong to DeVry and are not recorded on its financial statements. Under current law, upon termination of the program by the federal government or withdrawal from future program participation by DeVry University, subsequent student loan repayments would be divided between the federal government and DeVry University to satisfy their respective cumulative contributions to the fund.

Non-Controlling Interest

DeVry maintains an 83.5 percent ownership interest in DeVry Brasil with the remaining 16.5 percent owned by the current DeVry Brasil management group. Beginning January 2013, DeVry 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. These options may become exercisable prior to January 2013 if DeVry Brasil s management ownership interest falls below five percent. Since the put option is out of the control of DeVry, authoritative guidance requires the non-controlling interest, which includes the value of the put option, to be displayed outside of the equity section of the consolidated balance sheet.

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The DeVry Brasil management put option, which is not currently redeemable but is probable of becoming redeemable, is being accreted to its expected redemption value according to a fair market value formula contained in 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 the authoritative guidance. The adjustment to increase or decrease the DeVry Brasil non-controlling interest each reporting period for its proportionate share of DeVry Brasil s profit/loss will continue to flow through the consolidated income statement based on DeVry s historical non-controlling interest accounting policy.

The following is a reconciliation of the non-controlling interest balance (in thousands):

	Nine Months Ended March 31,	
	2011	2010
Balance at Beginning of period	5,007	3,188
Net Income (Loss) Attributable to Non-controlling Interest	(65)	(252)
Accretion of Non-controlling Interest Put Option	1,524	1,582
Balance at End of period	6,466	4,518

Earnings per Common Share

Basic earnings per share is computed by dividing net income attributable to DeVry Inc. by the weighted average number of common shares outstanding during the period plus unvested participating restricted shares. Diluted earnings per share is computed by dividing net income attributable to DeVry Inc. 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 910,000 and 1,188,000 shares of common stock for the three and nine months ended March 31, 2011, respectively, and 323,000 and 749,000 shares of common stock for the three and nine months ended March 31, 2010, 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,	
	2011	2010	2011	2010
Weighted Average Shares Outstanding	69,189	71,187	69,901	71,125
Unvested Participating Restricted Shares	319	222	283	189
Basic shares	69,508	71,409	70,184	71,314
Effect of Dilutive Stock Options	764	978	702	957
Diluted Shares	70,272	72,387	70,886	72,271

Treasury Stock

DeVry s Board of Directors has authorized stock repurchase programs on five occasions (see Note 6 Dividends and Stock Repurchase Program). The first repurchase program was completed in April 2008, the second program was completed in November 2009, the third program was completed in September 2010, and the fourth program was completed in December 2010. The fifth repurchase program was approved by the DeVry Board of Directors on November 10, 2010, and it was commenced in late December 2010. Shares that are repurchased by DeVry 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 under a swap arrangement resulting from employees exercise of incentive stock options pursuant to the terms of the DeVry Stock Incentive Plans and as payment for withholding taxes due from employees upon the lapse of restricted stock units (see Note 3 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 Employee Stock Purchase Plan in exchange for employee payroll deductions. When treasury shares are reissued, DeVry 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.

Accumulated Other Comprehensive Income

Accumulated Other Comprehensive Income is composed of the change in cumulative translation adjustments and unrealized gains and losses on available-for-sale marketable securities, net of the effects of income taxes. The following are the amounts recorded in Accumulated Other Comprehensive Income for the three and nine months ended March 31 (dollars in thousands).

	Three Months Ended March 31,		**Nine Months Ended March 31,**	
	2011	**2010**	**2011**	**2010**
Balance at Beginning of Period	$ 13,623	$ 11,547	$ 9,896	$ 7,157
Net Unrealized Investment Gains	9	52	140	207
Net Unrealized Investment Losses Recognized				
Translation Adjustments:				
Attributable to DeVry Inc.	(59)	(1,426)	2,796	1,883
Attributable to Non-controlling Interest	89	(178)	830	748
Balance at End of Period	$ 13,662	$ 9,995	$ 13,662	$ 9,995

The Accumulated Other Comprehensive Income balance at March 31, 2011, consists of $13.9 million ($11.2 million attributable to DeVry Inc. and $2.7 million attributable to non-controlling interests) of cumulative translation gains and $0.2 million of unrealized losses on available-for-sale marketable securities, net of tax of $0.1 million and all attributable to DeVry Inc. At March 31, 2010, this balance consisted of $10.3 million ($8.3 million attributable to DeVry Inc. and $2.0 million attributable to non-controlling interests) of cumulative translation gains and $0.3 million of unrealized losses on available-for-sale marketable securities, net of tax of $0.2 million and all attributable to DeVry Inc.

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 $65.4 million and $188.1 million for the three and nine months ended March 31, 2011, respectively, and $56.1 million and $158.6 million for the three and nine months ended March 31, 2010, respectively.

Recent Accounting Pronouncements

In January 2010, the FASB issued authoritative guidance for improving disclosure on fair value measurements. This guidance requires reporting entities to provide information about movements of assets among levels of the three-tier fair value hierarchy established by SFAS No. 157 (ASC 820). The guidance is effective for DeVry s fiscal year 2011, and it should be used for quarterly and annual filings. The application of this guidance did not have a significant impact on DeVry s financial disclosures.

In July 2010, the FASB issued authoritative guidance for improving disclosure on the credit quality of financing receivables and allowances for credit losses. This guidance requires reporting entities to provide information that will enable readers of financial statements to understand the nature of credit risk in a company s financing receivables, how that risk is analyzed in determining the related allowance for credit losses and changes to the allowance during the reporting period. The guidance is effective for DeVry s second quarter of fiscal year 2011, and it should be used for quarterly and annual filings. The application of this guidance is included in Note 5 to these consolidated financial statements.

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NOTE 3: STOCK-BASED COMPENSATION

DeVry maintains four stock-based award plans: the 1994 Stock Incentive Plan, the 1999 Stock Incentive Plan, the 2003 Stock Incentive Plan and the 2005 Incentive Plan. Under these plans, directors, key executives and managerial employees are eligible to receive incentive stock or nonqualified options to purchase shares of DeVry s common stock. The 2005 Incentive Plan also permits the award of stock appreciation rights, restricted stock, performance stock and other stock and cash based compensation. Though options remain outstanding under the 1994 Stock Incentive Plan, no further stock based awards will be issued from this plan. The 1999 and 2003 Stock Incentive Plans and the 2005 Incentive Plan 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 accounts for options granted to retirement eligible employees that fully vest upon an employee s retirement under the non-substantive vesting period approach to these options. Under this approach, the entire compensation cost is recognized at the grant date for options issued to retirement eligible employees.

At March 31, 2011, 4,559,226 authorized but unissued shares of common stock were reserved for issuance under DeVry s stock incentive plans.

Stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as expense over the employee requisite service period, reduced by an estimated forfeiture rate.

The following is a summary of options activity for the nine months ended March 31, 2011:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value ($000)
Outstanding at July 1, 2010	2,634,541	$ 33.76		
Options Granted	508,150	$ 38.71		
Options Exercised	(119,188)	$ 25.80		
Options Canceled	(37,201)	$ 35.02		
Outstanding at March 31, 2011	2,986,302	$ 34.98	6.13	$ 60,069
Exercisable at March 31, 2011	1,712,715	$ 30.03	4.68	$ 42,939

The total intrinsic value of options exercised for the nine months ended March 31, 2011 and 2010 was $2.6 million and $12.1 million, respectively.

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

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The weighted average estimated grant date fair values, for options granted at market price under DeVry s stock option plans during first nine months of fiscal years 2011 and 2010 were $16.53 and $23.11, per share, respectively. The fair values of DeVry s stock option awards were estimated assuming the following weighted average assumptions:

	Fiscal year	
	2011	**2010**
Expected Life (in Years)	6.67	6.77
Expected Volatility	41.88%	41.06%
Risk-free Interest Rate	1.99%	3.02%
Dividend Yield	0.29%	0.31%
Pre-vesting Forfeiture Rate	5.00%	5.00%

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 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 s long-term historical volatility. The pre-vesting forfeiture rate is based on DeVry s historical stock option forfeiture experience.

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

During the first nine months of fiscal year 2011, DeVry granted 282,430 shares of restricted stock to selected employees and non-employee directors. Of these, 69,970 are performance based shares which are earned by the recipients over a three year period based on achievement of specified DeVry return on invested capital targets. The remaining 212,460 shares and all other previously granted non-performance based shares of restricted stock are subject to restrictions which lapse ratably over 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, or upon retirement. During the restriction period, the recipient of the non-performance based shares shall have a beneficial interest in the restricted stock and all associated rights and privileges of a stockholder, including the right to receive dividends. These rights do not pertain to the performance based shares. The following is a summary of restricted stock activity for the nine months ended March 31, 2011:

	Restricted Stock Outstanding	**Weighted Average Grant Date Fair Value**
Nonvested at July 1, 2010	214,098	$ 52.16
Shares Granted	282,430	$ 39.61
Shares Vested	(46,985)	$ 52.16
Shares Canceled	(14,866)	$ 50.25
Nonvested at March 31, 2011	434,677	$ 44.07

The following table shows total stock-based compensation expense included in the Consolidated Statement of Earnings:

	For the Three Months Ended March 31,		**For the Nine Months Ended March 31,**	
	2011	**2010**	**2011**	**2010**
	(Dollars in thousands)		**(Dollars in thousands)**	

Cost of Educational Services	$ 919	$ 698	$ 3,581	$ 2,528
Student Services and Administrative Expense	1,954	1,485	7,611	5,373
Income Tax Benefit	(349)	(354)	(1,391)	(1,314)
Net Stock-Based Compensation Expense	$ 2,524	$ 1,829	$ 9,801	$ 6,587

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As of March 31, 2011, $25.8 million of total pre-tax unrecognized compensation costs related to non-vested awards is expected to be recognized over a weighted average period of 2.6 years. The total fair value of options and shares vested during the three months ended March 31, 2011 and 2010, was approximately $7.1 million and $6.6 million, respectively.

There were no capitalized stock-based compensation costs at March 31, 2011 and 2010.

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

NOTE 4: FAIR VALUE MEASUREMENTS

As permitted by the authoritative guidance, DeVry has elected not to measure any assets or liabilities at fair value other than those required to be measured at fair value such as financial assets and liabilities required to be measured at fair value on a recurring basis and assets measured at fair value on a non-recurring basis such as goodwill and intangible assets. Management has fully considered all authoritative guidance when determining the fair value of DeVry s financial assets as of March 31, 2011.

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 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 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.

The following tables present DeVry s assets at March 31, 2011, that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (dollars in thousands).

	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 596,515	$	$
Available for Sale Investments:			
Marketable Securities, short-term	2,556		
Total Financial Assets at Fair Value	$ 599,071	$	$

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

Below is a roll-forward of assets measured at fair value using Level 3 inputs for the nine months ended March 31, 2011 (dollars in thousands). At no time during the most recent two quarters of fiscal 2011 were any assets measured using Level 3 inputs. All Level 3 investments were purchased by DeVry s broker, UBS, in early July 2010. These investments consisted of auction rate securities. These securities were valued using a discounted cash flow model using assumptions that, in management s judgment, reflected the

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assumptions a marketplace participant would have used. See Note 2-Summary Of Significant Accounting Policies-*Marketable Securities and Investments* for further information on these investments.

	Investments Nine Months Ended March 31, 2011
Balance at Beginning of Period	$ 13,495
Total Unrealized Gains (Losses) Included in Income:	
Change in Fair Value of ARS Portfolio	
Change in Fair Value of UBS Put Right	
Purchases, Sales and Maturities	(13,495)
Balance at March 31, 2011	$

NOTE 5: FINANCING RECEIVABLES

DeVry s institutional loan programs are available to students at its DeVry University, Chamberlain College of Nursing, Carrington College and Carrington College of California schools as well as selected students at Ross University School of Medicine. These loan programs are designed to assist 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, Ross University School of Medicine 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. 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 a zero percent, 18-month term loan.

Reserves for uncollectible loans are determined by analyzing the current aging of accounts receivable and historical loss rates of loans at each educational institution. In addition, management considers projections of future receivable levels and collection loss rates. Management performs this analysis periodically throughout the year. Since all of DeVry 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, 2011 and 2010.

	As of March 31,	
	2011	**2010**
	(Dollars in thousands)	
Gross Institutional Student Loans	$ 47,982	$ 30,592
Allowance for Credit Losses	(20,757)	(11,860)
Net Institutional Student Loans	$ 27,225	$ 18,732

Of the net balances above, $16.4 million and $7.7 million were classified as Accounts Receivable, Net in the Consolidated Balance Sheets at March 31, 2011 and 2010, respectively, and $10.8 million and $11.0 million were classified in the Consolidated Balance Sheets as Other Assets at March 31, 2011 and 2010, respectively.

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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 31, 2011 and 2010. Loans are considered nonperforming if they are more than 120 days past due (dollars in thousands).

	As of March 31, 2011	As of March 31, 2010
Institutional Student Loans:		
Performing	$ 34,210	$ 22,012
Nonperforming	13,772	8,580
Total Institutional Student Loans	$ 47,982	$ 30,592

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Institutional Student Loans
Institutional Student Loans:						
March 31, 2011	$3,483	$1,413	$14,869	$19,765	$28,217	$47,982
March 31, 2010	$2,552	$1,235	$ 9,894	$13,681	$16,911	$30,592

NOTE 6: DIVIDENDS AND STOCK REPURCHASE PROGRAM

On November 10, 2010, the DeVry Board of Directors declared a cash dividend of $0.12 per share of common stock. This dividend was paid on January 10, 2011, to common stockholders of record as of December 10, 2010. The total dividend declared of $8.4 million was recorded as a reduction to retained earnings as of December 31, 2010. On May 18, 2010, the DeVry Board of Directors declared a cash dividend of $0.10 per share. This dividend was paid on July 8, 2010, to common stockholders of record as of June 15, 2010. The total dividend declared of $7.1 million was recorded as a reduction to retained earnings as of June 30, 2010. Future dividends will be at the discretion of the Board of Directors.

On November 10, 2010, the DeVry Board of Directors authorized a fifth share repurchase program, which allows DeVry to repurchase up to $50 million of its common stock through December 31, 2012. Under this plan as of March 31, 2011, DeVry has repurchased, on the open market, 593,788 shares of its common stock at a total cost of approximately $30.1 million. The timing and amount of any repurchase will be determined by management based on its evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, or 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.

DeVry has completed four previous share repurchase programs, repurchasing, on the open market, 4,011,649 shares of its common stock at a total cost of approximately $185.0 million.

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.

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NOTE 7: INTANGIBLE ASSETS

Intangible assets, other than goodwill, 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 (dollars in thousands):

	As of March 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Weighted Avg. Amortization Period
Amortizable Intangible Assets:			
Student Relationships	$ 65,245	$ (61,395)	(1)
Customer Contracts	7,000	(4,816)	6 years
License and Non-compete Agreements	2,684	(2,684)	6 years
Class Materials	2,900	(2,020)	14 years
Curriculum/Software	3,655	(2,256)	5 years
Outplacement Relationships	3,900	(659)	15 years
Trade Names	8,457	(5,745)	(2)
Other	639	(639)	6 years
Total	$ 94,480	$ (80,214)	
Indefinite-lived Intangible Assets:			
Trade Names	$ 20,372		
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	112,300		
DeVry Brasil Accreditations	14,046		
Total	$ 177,603		

(1) The respective Ross University, Chamberlain College of Nursing, and the Carrington Student Relationships were fully amortized at December 31, 2009. The total weighted average estimated amortization period for Student Relationships is 5 years for DeVry Brasil.

(2) The Apollo College and Western Career College trade names were fully amortized at December 31, 2009. The total weighted average estimated amortization period for Trade Names is 2 years and 8.5 years for Stalla and DeVry Brasil (Fanor, Ruy Barbosa and AREA1), respectively.

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	As of March 31, 2010	
	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:		
Student Relationships	$ 64,437	$ (58,877)
Customer Contracts	7,000	(3,460)
License and Non-compete Agreements	2,684	(2,684)
Class Materials	2,900	(1,850)
Curriculum/Software	3,623	(1,480)
Outplacement Relationships	3,900	(336)
Trade Names	6,255	(4,346)
Other	639	(639)
Total	$ 91,438	$ (73,672)
Indefinite-lived Intangible Assets:		
Trade Names	$ 22,272	
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	112,300	
DeVry Brasil Accreditation	12,780	
Total	$ 178,237	

Amortization expense for amortizable intangible assets was $1.5 million and $4.5 million for the three and nine months ended March 31, 2011, respectively, and $1.6 million and $9.2 million for the three and nine months ended March 31, 2010, respectively. Estimated amortization expense for amortizable intangible assets for the next five fiscal years ending June 30, by reporting unit, is as follows (dollars in thousands):

Fiscal Year	Advanced Academics	Becker	DeVry Brasil	Carrington	Total
2011	$1,806	$1,110	$2,738	$ 420	$6,074
2012	1,538	160	2,294	420	4,412
2013	618	160	1,741	420	2,939
2014	369	160	746	295	1,570
2015		160	237	260	657

All amortizable intangible assets, except for the Advanced Academics (AAI) Customer Contracts and DeVry Brasil Student Relationships, are being amortized on a straight-line basis.

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The amount being amortized for the AAI Customer Contracts is based on the estimated renewal probability of the contracts, giving consideration to the revenue and discounted cash flow associated with the respective Direct to Student and Direct to District customer relationships. This results in the basis being amortized at an annual rate for each of the years of estimated economic life as follows:

Fiscal Year	Direct to Student	Direct to District
2008	12%	14%
2009	18%	24%
2010	19%	25%
2011	17%	21%
2012	14%	16%
2013	11%	0%
2014	9%	0%

The amount being amortized for the DeVry Brasil Student Relationships is based on the estimated progression of the students through the respective programs, giving consideration to the revenue and cash flow associated with both existing students and new applicants. This results in the basis being amortized at an annual rate for each of the years of estimated economic life as follows:

Fiscal Year	
2009	8.3%
2010	30.3%
2011	24.7%
2012	19.8%
2013	13.6%
2014	3.3%

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. Beginning in fiscal year 2010, the Trade Name associated with the Stalla CFA Review was reclassified to a finite lived intangible asset and is being amortized on a straight line basis over two years. This asset had a book value of $0.2 million as of March 31, 2011. As of the latest impairment analysis completed during the fourth quarter of fiscal year 2010, the asset s fair value exceeded this book value.

Authoritative guidance provides that goodwill and indefinite-lived intangibles arising from a business combination 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 during the fourth quarter of fiscal year 2010 at which time there was no impairment loss associated with recorded goodwill or indefinite-lived intangible assets, as estimated fair values exceeded the carrying amount.

DeVry did not perform an interim impairment review during the first nine months of fiscal year 2011, as no impairment indicators were noted through the period ended March 31, 2011. The estimated fair values of the reporting units and indefinite-lived intangible assets exceeded their carrying values by at least 40% as of the end of fiscal year 2010 except those indefinite-lived intangible assets acquired with the acquisitions of Carrington and DeVry Brasil where fair values exceeded carrying values by at least 14%. The smaller premium for the newly acquired assets would be expected considering all have been acquired within twenty months of the fourth quarter fiscal year 2010 valuation date and there has been less time for these assets to have appreciated in value from their fair market value purchase price. Management did not believe business conditions had deteriorated in any of its reporting units to the extent that the fair values of the reporting units or indefinite-lived intangible assets would have differed materially from their fiscal year 2010 fair values. In this regard, revenues grew for all reporting units in the first nine months of fiscal year

2011 except at AAI and Carrington.

At AAI, which carries a goodwill balance of $17.1 million, revenues declined slightly from the prior year. The revenue decline at Advanced Academics was the result of lower summer school and fall enrollments as school districts have reduced such programs driven by state budget constraints. Despite this decline in revenues, AAI s operating loss for the first nine months of fiscal 2011 was flat in relation to the first nine months of fiscal 2010. This was the result of a decline in advertising spending which offset the revenue decline and the increased investment to initiate programs designed to enhance future revenue growth. The fair value of the AAI

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reporting unit significantly exceeded its carrying value as of the fiscal year 2010 impairment analysis. Management believes the negative trends at AAI will be temporary and believes its planned business and operational strategies will reverse this negative trend in the foreseeable future. However, if operating improvements are not realized, all or some of the goodwill could be impaired in the future.

At Carrington, which carries a goodwill balance of $185.7 million, revenue declined slightly from the prior year. The revenue decline at Carrington was the result of lower fall and spring term student enrollments. Management believes these declines were the result of decreasing volume of high quality lead flows and economic uncertainties. To address this issue, Carrington has shifted its focus from brand awareness associated with the recent name change to more direct response communications. Carrington is also making additional investments in its website interface and admissions processes to better serve prospective students. The revenue decline has also resulted in lower operating income; however, this reporting unit remains profitable with operating margins exceeding 10%. The fair value of the Carrington reporting unit significantly exceeded its carrying value as of the fiscal year 2010 impairment analysis. Management believes the negative trends at Carrington will be temporary and believes its planned business and operational strategies will reverse this negative trend in the foreseeable future. However, if operating improvements are not realized, all or some of the goodwill could be impaired in the future.

The table below summarizes the goodwill balances by reporting unit as of March 31, 2011 (dollars in thousands):

Reporting Unit	
DeVry University	$ 22,195
Becker Professional Review	24,716
Ross University	237,175
Chamberlain College of Nursing	4,716
Advanced Academics	17,075
Carrington	185,715
DeVry Brasil	26,230
Total	$ 517,822

The table below summarizes goodwill balances by reporting segment as of March 31, 2011 (dollars in thousands):

Reporting Segment:	
Business, Technology and Management	$ 22,195
Medical and Healthcare	427,606
Professional Education	24,716
Other Educational Services	43,305
Total	$ 517,822

Total goodwill increased by $2.96 million from June 30, 2010. This increase is the result of the recognition of a preacquisition related liability of $0.7 million and an increase in the value of the Brazilian Real as compared to the U.S. dollar. Since DeVry Brasil goodwill is recorded in the local Brazilian currency, fluctuations in its 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 assets balances by reporting unit as of March 31, 2011 (dollars in thousands):

Reporting Unit:	
DeVry University	$ 1,645
Becker Professional Review	27,912
Ross University	19,200

Chamberlain College of Nursing	1,200
Advanced Academics	1,300
Carrington	112,300
DeVry Brasil	14,046
Total	$ 177,603

The only change in the indefinite-lived intangible assets balances from June 30, 2010, resulted from the effects of foreign currency translation. 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 this asset.

NOTE 8: INCOME TAXES

DeVry 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. Three of DeVry s subsidiaries, Ross University School of Medicine (the Medical School) incorporated under the laws of the Commonwealth of Dominica, Ross University School of Veterinary Medicine (the Veterinary School) incorporated under the laws of the Federation of St. Christopher, Nevis, St. Kitts in the West Indies, and DeVry Brasil incorporated under the laws of Brazil, all benefit from local tax incentives. The Medical and Veterinary Schools have agreements with the respective governments that exempt them from local income taxation through the years 2043 and 2023, respectively, while DeVry Brasil s effective tax rate reflects benefits derived from their participation in PROUNI, a Brazilian program for providing scholarships to a portion of its undergraduate students.

DeVry has not recorded a U.S. federal or state tax provision for the undistributed earnings of its international subsidiaries. It is DeVry 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 2011 and 2010, cumulative undistributed earnings attributable to international operations were approximately $315.2 million and $251.4 million, respectively.

The effective tax rate was 32.3% and 33.7% for the third quarter and first nine months of fiscal year 2011, respectively. These compare to 33.8% and 33.3% for the prior year third quarter and first nine months, respectively. The higher effective income tax rate for the first nine months of fiscal year 2011 was primarily due to an increase in the proportion of income generated by U.S. operations versus the international operations of Ross University as compared to the prior year. In the third quarter, this increased rate due to income mix was offset by discrete items which reduced income tax expense for the period.

As of March 31, 2011, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, was $9.1 million. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $9.1 million. As of March 31, 2010, gross unrecognized tax benefits, including positions impacting only the timing of benefits, was $2.3 million. The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $2.3 million. We expect that our unrecognized tax benefits will decrease by an insignificant amount during the next twelve months. DeVry classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The total amount of interest and penalties accrued at June 30, 2010 was $0.7 million. The corresponding amount at March 31, 2011 was $0.9 million.

NOTE 9: DEBT

Debt consists of the following at March 31, 2011, June 30, 2010 and March 31, 2010 (dollars in thousands):

	Outstanding Debt			Average Interest Rate
	March 31, 2011	**June 30, 2010**	**March 31, 2010**	**March 31, 2011**
Revolving Credit Facility:				
DeVry Inc. as borrower	$	$	$	
GEI as borrower				

Total	$	$	$
Auction Rate Securities Collateralized Line of Credit:			
DeVry Inc. as borrower	$	$	$ 44,757
Total Outstanding Debt	$	$	$ 44,757
Current Maturities of Debt	$	$	$ 44,757
Total Long-term Debt	$	$	$

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Revolving Credit Facility

All of DeVry s borrowings and letters of credit under its $175 million revolving credit facility are through DeVry Inc. and Global Education International, Inc. (GEI), an international subsidiary. The revolving credit facility became effective on May 16, 2003, and was amended as of September 30, 2005 and again on January 11, 2007. DeVry Inc. aggregate commitments including borrowings and letters of credit under this agreement cannot exceed $175.0 million, and GEI aggregate commitments cannot exceed $50.0 million. At the request of DeVry Inc., the maximum borrowings and letters of credit can be increased to $275.0 million in total with GEI aggregate commitments not to exceed $50.0 million. There are no required payments under this revolving credit agreement and all borrowings and letters of credit mature on January 11, 2012. DeVry Inc. letters of credit outstanding under this agreement were $3.0 million and $15.5 million as of March 31, 2011 and 2010, respectively. As of March 31, 2011, had there been outstanding borrowings under this agreement they would have borne interest, payable quarterly or upon expiration of the interest rate period, at the prime rate or at a LIBOR rate plus 0.50%, at the option of DeVry. Outstanding letters of credit under the revolving credit agreement are charged an annual fee equal to 0.50% of the undrawn face amount of the letter of credit, payable quarterly. The agreement also requires payment of a commitment fee equal to 0.1% of the undrawn portion of the credit facility. The interest rate, letter of credit fees and commitment fees are adjustable quarterly, based upon DeVry s achievement of certain financial ratios.

The revolving credit agreement contains certain covenants that, among other things, require maintenance of certain financial ratios, as defined in the agreement. 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 (DOE 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. DeVry was in compliance with all debt covenants as of March 31, 2011.

The stock of certain subsidiaries of DeVry is pledged as collateral for the borrowings under the revolving credit facility.

Auction Rate Securities Collateralized Line of Credit

In connection with the completion of the acquisition of Carrington, on September 18, 2008, DeVry borrowed approximately $46 million against its portfolio of auction rate securities under a temporary, uncommitted, demand revolving line of credit facility between DeVry Inc. and UBS Bank USA (the Lender). This borrowing totaled approximately 80% of the fair market value on September 18, 2008, of DeVry s auction rate securities portfolio held through its broker, UBS, which was the maximum borrowing permitted under this credit facility. These borrowings were fully repaid as of June 30, 2010, and the lending agreement was terminated.

NOTE 10: COMMITMENTS AND CONTINGENCIES

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

The Boca Raton Firefighters and Police Pension Fund filed a complaint (the Shareholder Case) in the United States District Court for the Northern District of Illinois on November 1, 2010 (Case No. 1:10-cv-07031). The complaint was filed on behalf of a putative class of persons who purchased DeVry common stock between October 25, 2007, and August 13, 2010. Plaintiffs filed an amended complaint (the Amended Complaint) on March 7, 2011 alleging the same categories of claims in the initial complaint. The plaintiffs claim DeVry, Daniel Hamburger and Richard M. Gunst violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by failing to disclose abusive and fraudulent recruiting and financial aid lending practices, thereby increasing DeVry s student enrollment and revenues and artificially inflating DeVry s stock price during the class period. DeVry and its executives believe the allegations contained in the Amended Complaint are without merit and intend to defend them vigorously. DeVry plans to file a Motion to Dismiss the Amended Complaint by May 6, 2011.

Three derivative cases similar to the Shareholder Case also have been filed (Derivative Actions). Two of the Derivative Actions were filed in the Circuit Court of Cook County, Illinois, Chancery Division: DeVry shareholder

Timothy Hald filed a derivative complaint on behalf of DeVry on January 3, 2011 (*Hald v. Hamburger et al.*, Case No. 11 CH 0087) and Matthew Green (also a DeVry shareholder) filed a derivative complaint on behalf of DeVry on January 7, 2011 (*Green v. Hamburger et al.*, Case No. 11 CH 0770). The *Hald* and *Green* cases (the Consolidated Cases) were consolidated by court order dated February 9, 2011. Maria Dotro, another DeVry shareholder, filed a third derivative complaint on DeVry s behalf in the Delaware Court of Chancery on March 11, 2011 (*Dotro v. Hamburger et al.*, Case No. 6263). The *Dotro* case has been stayed pending resolution of DeVry s forthcoming Motion

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to Dismiss the Shareholder Case (Motion to Dismiss). DeVry is currently examining the possibility of obtaining a similar stay of the Consolidated Cases pending the outcome of the Motion to Dismiss the Shareholder Case.

The Derivative Actions allege that Daniel Hamburger, Richard M. Gunst, David J. Pauldine, Sharon T. Parrott, Ronald L. Taylor, Lisa W. Pickrum, Darren R. Huston, David S. Brown, William T. Keevan, Fernando Ruiz, Harold D. Shapiro, Lyle Logan, Connie R. Curran, and Julia McGee breached their fiduciary duties to DeVry by failing to disclose the same allegedly abusive and fraudulent recruiting and financial aid lending practices alleged in the Shareholder Case. The Derivative Actions also allege that DeVry s officers and directors unjustly enriched themselves and wasted DeVry s assets by (i) causing DeVry to incur substantial costs in defending the Shareholder Case; (ii) causing DeVry to pay compensation and benefits to individuals who breached their fiduciary duties; (iii) causing potential losses from certain of DeVry s programs no longer being eligible for federal financial aid; and (iv) damaging DeVry s corporate image and goodwill. DeVry and its executives believe the allegations contained in the Derivative Actions are without merit and intend to defend them vigorously.

Although DeVry believes that the Shareholder Case and the Derivative Actions are without merit, the ultimate outcome of pending litigation is difficult to predict. At this time, DeVry does not expect that the outcome of any such matter will have a material effect on its cash flows, results of operations or financial position.

NOTE 11: SEGMENT INFORMATION

DeVry s principal business is providing secondary and post-secondary education. The services of our operations are described in more detail in Note 1- Nature of Operations to the consolidated financial statements contained in its Annual Report on Form 10-K for the fiscal year ended June 30, 2010. DeVry presents four reportable segments: Business, Technology and Management , which includes DeVry University undergraduate and graduate operations; Professional Education , which includes the professional exam review and training operations of Becker CPA Review and Stalla Review for the CFA Exams; Medical and Healthcare which includes the operations of Ross University medical and veterinary schools, Chamberlain College of Nursing and Carrington; and Other Educational which includes the DeVry Brasil and AAI operations.

These segments are consistent with the method by which the Chief Operating Decision Maker (DeVry s President and CEO) evaluates performance and allocates resources. Such decisions are based, in part, on each segment s operating income, which is defined as income before interest income and expense, amortization, non-controlling interest and income taxes. Intersegment sales are accounted for at amounts comparable to sales to nonaffiliated customers and are eliminated in consolidation. The accounting policies of the segments are the same as those described in Note 2 Summary of Significant Accounting Policies to the consolidated financial statements contained in its Annual Report on Form 10-K for the fiscal year ended June 30, 2010.

The consistent measure of segment operating income excludes interest income and expense, amortization and certain corporate-related depreciation and expenses. As such, these items are reconciling items in arriving at income before income taxes. The consistent measure of segment assets excludes deferred income tax assets and certain depreciable corporate assets. Additions to long-lived assets have been measured in this same manner. Reconciling items are included as corporate assets.

Following is a tabulation of business segment information based on the current segmentation for each of the three and nine months ended March 31, 2011 and 2010. Corporate information is included where it is needed to reconcile segment data to the consolidated financial statements (dollars in thousands).

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	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2011	2010	2011	2010
Revenues:				
Business, Technology and Management	$ 378,698	$ 334,603	$ 1,102,359	$ 931,365
Medical and Healthcare	142,544	132,640	421,347	375,572
Professional Education	24,529	22,828	65,767	58,823
Other Educational Services	16,959	14,314	46,148	42,747
Total Consolidated Revenues	$ 562,730	$ 504,385	$ 1,635,621	$ 1,408,507
Operating Income:				
Business, Technology and Management	$ 99,351	$ 85,751	$ 283,342	$ 219,964
Medical and Healthcare	29,289	30,951	88,415	89,249
Professional Education	9,150	8,147	22,119	17,840
Other Educational Services	1,113	(1,414)	(6,261)	(7,231)
Reconciling Items:				
Amortization Expense	(1,497)	(1,618)	(4,449)	(9,189)
Depreciation and Other	(179)	203	1,429	(299)
Total Consolidated Operating Income	$ 137,227	$ 122,020	$ 384,595	$ 310,334
Interest and Other Income (Expense):				
Interest Income	$ 435	$ 476	$ 1,239	$ 1,550
Interest Expense	(348)	(336)	(841)	(1,253)
Net Investment Gain		81		1,225
Net Interest and Other Income (Expense)	87	221	398	1,522
Total Consolidated Income Before Income Taxes	$ 137,314	$ 122,241	$ 384,993	$ 311,856
Segment Assets:				
Business, Technology and Management	$ 702,088	$ 690,605	$ 702,088	$ 690,605
Medical and Healthcare	1,017,875	931,845	1,017,875	931,845
Professional Education	99,108	80,780	99,108	80,780
Other Educational Services	130,846	119,433	130,846	119,433
Corporate	120,510	57,564	120,510	57,564
Total Consolidated Assets	$ 2,070,427	$ 1,880,227	$ 2,070,427	$ 1,880,227
Additions to Long-lived Assets:				
Business, Technology and Management	$ 17,717	$ 32,113	$ 35,508	$ 77,235
Medical and Healthcare	8,308	7,028	27,246	19,554
Professional Education	773	13	3,166	56
Other Educational Services	2,923	816	6,316	4,754
Corporate	7,915		19,063	

Total Consolidated Additions to Long-lived Assets	$	37,636	$	39,970	$	91,299	$	101,599
Depreciation Expense:								
Business, Technology and Management	$	6,696	$	8,619	$	19,685	$	24,975
Medical and Healthcare		4,598		3,633		12,903		10,604
Professional Education		35		54		104		169
Other Educational Services		671		781		2,854		2,123
Corporate		2,968		170		7,743		510
Total Consolidated Depreciation	$	14,968	$	13,257	$	43,289	$	38,381
Intangible Asset Amortization Expense:								
Business, Technology and Management	$		$		$		$	
Medical and Healthcare		105		105		315		4,646
Professional Education		277		287		832		862
Other Educational Services		1,115		1,226		3,302		3,681
Total Consolidated Amortization	$	1,497	$	1,618	$	4,449	$	9,189

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Beginning in fiscal year 2011, certain additions to long-lived assets that were previously reported in the Business, Technology and Management segment are now reported as Corporate additions. These additions consist primarily of the costs being capitalized as part of the Project DELTA (a new student information system for DeVry University and Chamberlain College of Nursing. See Note 2 Summary of Significant Accounting Policies *Internal-Use Software Development Costs*).

DeVry conducts its educational operations in the United States, Canada, the Caribbean countries of Dominica, Freeport, Grand Bahama, and St. Kitts/Nevis, Brazil, Europe, the Middle East and the Pacific Rim. Other international revenues, which are derived principally from Brazil and Canada, were less than 5% of total revenues for the quarters ended March 31, 2011 and 2010. Revenues and long-lived assets by geographic area are as follows (dollars in thousands):

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2011	2010	2011	2010
Revenue from Unaffiliated Customers:				
Domestic Operations	$ 494,807	$ 439,415	$ 1,439,012	$ 1,226,091
International Operations:				
Dominica, Freeport, Grand Bahama and St. Kitts/Nevis	52,576	52,442	154,555	145,363
Other	15,347	12,528	42,054	37,053
Total International	67,923	64,970	196,609	182,416
Consolidated	$ 562,730	$ 504,385	$ 1,635,621	$ 1,408,507
Long-lived Assets:				
Domestic Operations	$ 766,139	$ 719,843	$ 766,139	$ 719,843
International Operations:				
Dominica, Freeport, Grand Bahama and St. Kitts/Nevis	342,863	327,384	342,863	327,384
Other	73,703	64,417	73,703	64,417
Total International	416,566	391,801	416,566	391,801
Consolidated	$ 1,182,705	$ 1,111,644	$ 1,182,705	$ 1,111,644

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

NOTE 12: SUBSEQUENT EVENT

On April 30, 2011, Becker Professional Education, a subsidiary of DeVry, completed its acquisition of ATC International, a leading provider of professional accounting and finance training from centers in Central and Eastern Europe as well as Central Asia. The acquisition expands Becker s global accounting training platform, allowing it to further leverage is extensive relationships with global accounting firms. Funding for the acquisition was provided from DeVry s existing operating cash balances.

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

Through its website, DeVry 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 s Website is http://www.devryinc.com.

The following discussion of DeVry s results of operations and financial condition should be read in conjunction with DeVry s Consolidated Financial Statements and the related Notes thereto in Item 1, FINANCIAL STATEMENTS in this Quarterly Report on Form 10-Q and DeVry s Consolidated Financial Statements and related Notes thereto in Item 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA in DeVry s Annual Report on Form 10-K for the fiscal year ended June 30, 2010. DeVry s Annual Report on Form 10-K includes a description of critical accounting policies and estimates and assumptions used in the preparation of DeVry s financial statements. These include, but are not limited to, revenue and expense recognition; allowance for uncollectible accounts; internally developed software; land, buildings and equipment; stock-based compensation; impairment of goodwill and other intangible assets; impairment of long-lived assets and income taxes.

The somewhat seasonal pattern of DeVry 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 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 s expectations or plans, may constitute forward-looking statements subject to the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as DeVry Inc. or its management anticipates, believes, estimates, expects, forecasts, foresees, 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 s results are described throughout this Report, including those in Note 10 to the Consolidated Financial Statements and in Part II, Item 1, Legal Proceedings , and in DeVry s Annual Report on Form 10-K for the fiscal year ended June 30, 2010 and filed with the Securities and Exchange Commission on August 25, 2010 including, without limitation, in Item 1A, Risk Factors and in the subsections of Item 1 Business entitled Competition, Student Recruiting and Admission, Accreditation, Approval and Licensing, Tuition and Fees, Financial Aid and Financing Student Education, Student Loan Defaults, Career Services, Seasonality, and Employees.

All forward-looking statements included in this report are based upon information presently available, and DeVry assumes no obligation to update any forward-looking statements.

OVERVIEW

For the third quarter of fiscal year 2011, DeVry s financial performance was driven by continued solid execution of its growth and diversification strategy and focus on academic quality. Operational and financial highlights for the quarter include:

- Total revenues rose 11.6%, and net income increased 14.5% over the year-ago period, while at the same time DeVry continued to make investments in the quality of its academic programs and student services.

- Ross University School of Veterinary Medicine received an additional accreditation by the American Veterinary Medical Association during the third quarter. This prestigious accreditation is the gold standard in veterinary medicine and reflects the investments that DeVry has made in academic quality and student services.

- Chamberlain College of Nursing began offering nursing programs at its new campus in Houston, Texas, in March 2011. This new campus is co-located with DeVry University.

- During the quarter, DeVry repurchased a total of 570,600 shares of its common stock at an average cost of $50.82 per share.

- DeVry s financial position remained strong generating $485.2 million of operating cash flow during the first nine months of fiscal year 2011, driven primarily by strong operating results. As of March 31, 2011, cash and marketable securities balances totaled $599.1 million and there were no outstanding borrowings.

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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,	
	2011	**2010**	**2011**	**2010**
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of Educational Services	41.4%	42.5%	42.2%	43.4%
Student Services and Administrative Expense	34.2%	33.3%	34.2%	34.6%
Total Operating Costs and Expense	75.6%	75.8%	76.4%	78.0%
Operating Income	24.4%	24.2%	23.5%	22.0%
Interest Income	0.1%	0.1%	0.1%	0.1%
Interest Expense	(0.1%)	(0.1%)	(0.1%)	(0.1%)
Net Investment Gain	0.0%	0.0%	0.0%	0.1%
Net Interest and Other Income (Expense)	0.0%	0.0%	0.0%	0.1%
Income Before Income Taxes	24.4%	24.2%	23.5%	22.1%
Income Tax Provision	7.9%	8.2%	7.9%	7.4%
Net Income	16.5%	16.0%	15.6%	14.8%
Net Loss Attributable to Non-controlling Interest	0.0%	0.0%	0.0%	0.0%
Net Income Attributable to DeVry Inc.	16.5%	16.1%	15.6%	14.8%

REVENUES

Total consolidated revenues for the third quarter of fiscal year 2011 of $562.7 million increased $58.3 million, or 11.6%, as compared to the year-ago quarter. For the first nine months of fiscal year 2011, total consolidated revenues increased 16.1% to $1,635.6 million as compared to the year-ago period. For both the third quarter and first nine months of fiscal year 2011, revenues increased within all four of DeVry s business segments as a result of growth in total student enrollments, improved student retention and tuition price increases.

Business, Technology and Management

Business, Technology and Management segment revenues increased 13.2% to $378.7 million in the third quarter and rose 18.4% to $1,102.3 million for the first nine months of fiscal year 2011 as compared to the respective year-ago periods driven primarily by growth in total student enrollments, tuition price increases, and improved student retention on a year to date basis. The Business, Technology and Management segment is comprised solely of DeVry University. Key trends in enrollment and tuition pricing are set forth below.

Total undergraduate enrollment by term:

Increased by 22.0% from summer 2009 (55,979 students) to summer 2010 (68,290 students);

Increased by 14.9% from fall 2009 (64,003 students) to fall 2010 (73,543 students); and

Increased by 5.9% from spring 2010 (66,909 students) to spring 2011 (70,863 students).

New undergraduate enrollment by term:

Increased by 9.9% from summer 2009 (19,057 students) to summer 2010 (20,935 students);

Decreased by 4.7% from fall 2009 (18,878 students) to fall 2010 (17,983 students); and

Decreased by 15.4% from spring 2010 (17,715 students) to spring 2011 (14,981 students).

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

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

Increased by 17.6% from the July 2009 session (17,991 coursetakers) to the July 2010 session (21,165 coursetakers);

Increased by 14.1% from the September 2009 session (20,496 coursetakers) to the September 2010 session (23,389 coursetakers);

Increased by 11.9% from the November 2009 session (20,734 coursetakers) to the November 2010 session (23,199 coursetakers);

Increased by 9.3% from the January 2010 session (22,679 coursetakers) to the January 2011 session (24,784 coursetakers); and

Increased by 9.2% from the March 2010 session (22,343 coursetakers) to the March 2011 session (24,406 coursetakers).

Tuition rates:

Effective July 2010, DeVry University s U.S. undergraduate tuition ranges from $580 to $600 per credit hour for students enrolling in 1 to 11 credit hours. Tuition ranges from $350 to $360 per credit hour for each credit hour in excess of 11 credit hours. These tuition rates vary by location and/or program and represent an expected weighted average increase of approximately 3.5% as compared to the year-ago period. These amounts do not include the cost of books, supplies, transportation, and living expenses.

Effective July 2010, Keller Graduate School of Management program tuition per classroom course ranges from $2,100 to $2,225, depending on location. This represents an expected weighted average increase of 2.1% as compared to the year-ago period. The price for a graduate course taken online is $2,225, compared to $2,200 previously.

Management believes the increased undergraduate total student enrollments were most significantly impacted by DeVry s strong track record of high-quality education, academic and graduate employment outcomes, and improved retention of existing students on a year to date basis. Management believes the decrease in undergraduate new student enrollments was the result of decreasing volume of high quality inquiry flow, economic uncertainties, and overlapping high new student growth rates in prior years. Management believes efforts to enhance the Keller Graduate School of Management brand awareness through improved messaging have helped produce positive graduate enrollment results.

Medical and Healthcare

Medical and Healthcare segment revenues increased 7.5% to $142.5 million in the third quarter and grew 12.2% to $421.3 million for the first nine months of fiscal year 2011 as compared to the respective year-ago periods. Higher student enrollments at Chamberlain College of Nursing (Chamberlain) were a key driver of the segment revenue growth, which more than offset a decline in new student enrollments at Ross University and Carrington Colleges Group, Inc. (Carrington). Key trends for Ross University, Chamberlain and Carrington are set forth below.

Ross University total enrollment by term:

Increased by 2.1% from May 2009 (4,448 students) to May 2010 (4,542 students);

Decreased by 0.7% from September 2009 (4,601 students) to September 2010 (4,567 students); and

Increased by 3.0% from January 2010 (4,669 students) to January 2011 (4,810 students).

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Ross University new student enrollment by term:

Decreased by 39.5% from May 2009 (562 students) to May 2010 (340 students);

Decreased by 26.4% from September 2009 (666 students) to September 2010 (490 students); and

Decreased by 8.2% from January 2010 (699 students) to January 2011 (642 students).

Chamberlain College of Nursing total enrollment by term:

Increased by 65.2% from July 2009 (4,302 students) to July 2010 (7,108 students);

Increased by 57.8% from November 2009 (5,617 students) to November 2010 (8,862 students); and

Increased by 47.9% from March 2010 (6,691 students) to March 2011 (9,897 students).

Chamberlain College of Nursing new student enrollment by term:

Increased by 55.1% from July 2009 (1,558 students) to July 2010 (2,416 students);

Increased by 42.0% from November 2009 (2,100 students) to November 2010 (2,981 students); and

Increased by 31.5% from March 2010 (2,168 students) to March 2011 (2,852 students).

Carrington total enrollment by term:

Increased by 5.5% from July 2009 (10,644 students) to July 2010 (11,234 students);

Decreased by 6.4% from November 2009 (11,695 students) to November 2010 (10,942 students); and

Decreased by 15.0% from March 2010 (12,009 students) to March 2011 (10,206 students).

Carrington new student enrollment by term:

Decreased by 2.7% from July 2009 (4,411 students) to July 2010 (4,291 students);

Decreased by 19.2% from November 2009 (5,688 students) to November 2010 (4,595 students); and

Decreased by 22.7% from March 2010 (4,218 students) to March 2011 (3,261 students).

Tuition rates:

Effective September 2010, tuition and fees for the beginning basic sciences portion of the programs at the Ross University medical and veterinary schools are $15,600 and $15,000, respectively, per semester. This tuition rate represents an increase from September 2009 tuition rates of approximately 6.4% for the medical school and 4.3% for the veterinary school.

Effective September 2010, tuition and fees for the Ross University final clinical portion of the programs are $17,125 per semester for the medical school, and $18,850 per semester for the veterinary school. This represents an increase from September 2009 tuition rates of approximately 6.4% for the medical school and 4.4% for the veterinary school. These amounts do not include the cost of books, supplies, transportation, and living expenses.

Effective July 2010, tuition for the 2010-2011 academic year is $620 per credit hour for students enrolled in Chamberlain s BSN (onsite), ADN and LPN-to-RN programs. Students enrolled on a full-time basis (between 12 and 17 credit hours) are charged a flat tuition amount of $7,440 per semester. This represents an increase from 2009-2010 academic year tuition rates of approximately 4.2%. These amounts do not include the cost of books, supplies, transportation and living expenses.

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Effective July 2010, tuition for students enrolled in Chamberlain s RN-to-BSN online degree program is $575 per credit hour. This tuition rate is unchanged from the 2009-2010 academic year. Tuition for the 2010-2011 academic year is $650 per credit hour for students enrolled in the online MSN program. These amounts do not include the cost of books, supplies, transportation, and living expenses.

Effective July 2010, on a per credit hour basis, tuition for Carrington College and Carrington College California programs ranges from $347 per credit hour to $1,651 per credit hour for non-general education courses, with the wide range due to the nature of the programs. General Education courses are charged at $325 per credit hour at Carrington College, and $364 per credit hour at Carrington College California. Student tuition is reduced accordingly for any incoming academic credits that are applicable. Students are charged a non-refundable registration fee ranging from $95 to $100, and they are also charged separately for books and special (program specific) supplies and/or testing. A student services fee ranging from $75 to $150 is charged at Carrington College as well, depending on the program.

An element of the growth strategy at Ross University School of Medicine was the development of a clinical education center located in Freeport, Grand Bahama. The Freeport site was expected to mitigate capacity constraints at the main campus in Dominica. However, the projected volume of Ross students studying in Freeport has not been realized due to factors including an unforeseen delay in the Medical Board of California licensing review process and caution on the part of existing students considering Freeport. In November 2010, Ross University School of Medicine secured licensing approval for its Freeport clinical location from the Medical Board of California. It has been Ross understanding that medical students who attend the Freeport location would not be eligible to receive Title IV financial aid while in Freeport, but would be eligible to receive financial aid once they moved beyond their semesters in Freeport. However, the U.S. Department of Education (ED) recently raised questions that could impact the overall financial aid eligibility for new students who attend Freeport. While Ross is working through this issue with the ED, it is also in the process of evaluating how to best leverage its Freeport location as part of its overall expansion strategy.

Currently, Ross is not teaching medical basic sciences at its Freeport location. These near-term challenges resulted in lower new student enrollments in the May 2010, September 2010, and January 2011 semesters. However, management expects an increase in new student enrollments for the May 2011 semester as compared to the prior year period.

Ross continues to invest in its Dominica facilities, programs and student services to meet the strong demand for its medical program.

The increase in student enrollments at Chamberlain was attributable to its growing RN-to-BSN online completion program, the addition of three new locations (Arlington, Virginia and Chicago in July 2010 and Houston, Texas in March 2011), along with organic growth at existing locations. All of these campuses are co-located with DeVry University.

Management believes the decline in student enrollments at Carrington is the result of overlapping high new student growth rates in the year-ago period, decreasing volume of high quality inquiry flow, and economic uncertainties. To address these issues, Carrington has shifted its focus from brand awareness associated with the recent name change to more direct response communications. Carrington is also making additional investments in its website interface and admissions processes to better serve prospective students.

Professional Education

Professional Education segment revenues increased 7.5% to $24.5 million in the third quarter and rose 11.8% to $65.8 million for the first nine months of fiscal year 2011 as compared to the respective year-ago periods as demand for Becker s CPA review courses improved.

Other Educational Services

Other Educational Services segment revenues grew 18.5% to $17.0 million in the third quarter and rose 8.0% to $46.1 million for the first nine months of fiscal year 2011 as compared to the respective year-ago periods. DeVry Brasil was the primary driver of revenue growth in this segment for both the third quarter and first nine months of fiscal year 2011 due to new student enrollment growth of 41.0% and total enrollment growth of 16.1% in the most recent term. Revenue increased modestly at Advanced Academics during the third quarter of the current year.

COSTS AND EXPENSES

Cost of Educational Services

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

DeVry s Cost of Educational Services increased 8.7% to $232.9 million during the third quarter and grew 13.1% to $690.9 million for the first nine months of fiscal year 2011 as compared to the respective year-ago periods. Cost increases were incurred in support of expanding DeVry University online and onsite total student enrollments and operating a higher number of DeVry University locations as compared to the prior year. Also, cost increases were incurred for the operation of the new Chamberlain campuses in Chicago, Arlington, Virginia, and Houston, Texas, and to support growing online student enrollments. Cost increases were incurred at Carrington associated with operating a higher number of locations as compared to the prior year and increased hiring of career services employees. Expense attributed to stock-based awards included in Cost of Educational Services increased during fiscal year 2011 as a result of an increase in the number stock awards granted during the current year.

As a percent of revenue, Cost of Educational Services decreased to 41.4% in the third quarter of fiscal year 2011 from 42.5% during the prior year period. For the first nine months of fiscal year 2011, Cost of Educational Services decreased to 42.2% from 43.4% during the prior year period. These decreases were the combined result of increased operating leverage with existing facilities and staff and revenue gains, which more than offset incremental investments to maintain the high quality of DeVry s educational offerings and to drive future revenue growth.

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 grew 14.6% to $192.6 million during the third quarter and increased 14.9% to $560.1 million during the first nine months of fiscal year 2011 as compared to the respective year-ago periods. The increase in expenses represented additional investments in advertising and recruiting to drive and support future growth in new student enrollments. In addition, cost increases were incurred in information technology and student services. Expense attributed to stock-based awards included in Student Services and Administrative Expense increased during fiscal year 2011 as a result of an increase in the number of stock awards granted during the current year.

Amortization of finite-lived intangible assets in connection with acquisitions of businesses decreased during both the third quarter and first nine months of fiscal year 2011 as compared to the year-ago periods, as the respective student relationships and trade names from the Carrington acquisition were fully amortized as of December 31, 2009. Amortization expense is included entirely in the Student Services and Administrative Expense category.

As a percent of revenue, Student Services and Administrative Expense increased to 34.2% in the third quarter of fiscal year 2011 from 33.3% during the year-ago quarter. The increase was the result of a higher level of advertising and marketing spend and student services in the current year period to drive and support future growth in new student enrollments. For the first nine months of fiscal year 2011, Student Services and Administrative Expense decreased to 34.2% from 34.6% in the year-ago period. This decrease was the combined result of increased operating leverage from advertising and student recruiting costs and revenue gains, which more than offset incremental investments in student services and home office support personnel.

OPERATING INCOME

Total consolidated operating income for the third quarter of fiscal year 2011 of $137.2 million increased 12.5% as compared to the prior year quarter. For the first nine months of fiscal year 2011, total consolidated operating income rose 23.9% to $384.6 million as compared to the year-ago period. During both the third quarter and first nine months of fiscal year 2011, operating income increases at DeVry s respective Business, Technology and Management, Professional Education, and Other Educational Services segments

Business, Technology and Management

Business, Technology and Management segment operating income increased 15.9% to $99.4 million during the third quarter and grew 28.8% to $283.3 million during the first nine months of fiscal year 2011, as compared to the respective year-ago periods. These increases in operating income were the result of higher revenue and an increase in operating leverage, while at the same time, DeVry University continued to make investments in academic quality and student service to drive future enrollment growth.

Medical and Healthcare

Medical and Healthcare segment operating income decreased 5.4% to $29.3 million during the third quarter and declined 0.9% to $88.4 million during the first nine months of fiscal year 2011 as compared to the respective prior year periods. These decreases in operating income were the result of a decline in operating income at both Ross and Carrington and an increase in home office expense allocable to the segment, which was partially offset by an increase in operating income at Chamberlain. Ross University operating income declined slightly due to lower new student enrollments, as discussed above, and investments to increase capacity. Carrington operating income decreased as a result of lower student enrollments as compared to the year ago period.

Professional Education

Professional Education segment operating income increased 12.3% to $9.2 million during the third quarter and grew 24.0% to $22.1 million during the first nine months of fiscal year 2011 as compared to the prior year periods. These increases in operating income were the result of higher revenue and an increase in operating leverage.

Other Educational Services

For the third quarter of fiscal year 2011, Other Educational Services operating income grew $2.5 million, to $1.1 million as compared to an operating loss of $1.4 million in the year-ago quarter. For the first nine months of fiscal year 2011, Other Educational Services recorded an operating loss of $6.2 million as compared to an operating loss of $7.2 million for the year-ago period. The improvement in both periods was driven by revenue growth at DeVry Brasil, which more than offset increased investments at both DeVry Brasil and Advanced Academics to drive future enrollment growth.

NET INTEREST AND OTHER INCOME (EXPENSE)

Interest income decreased 8.6%, to $0.4 million during the third quarter and declined 20.1% to $1.2 million during the first nine months of fiscal year 2011 as compared to the respective prior year periods. Despite an increase in invested cash balances as compared to the prior year periods, interest income decreased because of lower interest rates earned on invested balances during the third quarter and first nine months of fiscal year 2011. The increase in invested cash balances was attributable to improved operating cash flow over the past twelve months partially offset by cash used in connection with increased share repurchases, capital expenditures and debt repayment.

Interest expense increased 3.6%, to $0.3 million during the third quarter but declined 32.9% to $0.8 million during the first nine months of fiscal year 2011 as compared to the respective prior year periods. The slight increase in the third quarter was the result of higher interest rates on obligations owed by DeVry Brasil. The decrease in interest expense during the first nine months of fiscal year 2011 was attributable to the repayment of outstanding borrowings under DeVry s revolving line of credit.

DeVry recorded net investment gains of $0.1 million and $1.2 million during the third quarter and first nine months of fiscal year 2010, respectively. These gains were the result of changes in the valuation of DeVry s auction rate security portfolio and related put option. As of early July 2010, DeVry had fully liquidated its auction rate security portfolio at par value. There were no investment gains in the current year periods.

INCOME TAXES

Taxes on income were 32.3% of pretax income for the third quarter and 33.7% for first nine months of fiscal year 2011, compared to 33.8% for the third quarter and 33.3% for the first nine months of the prior year periods. The lower effective tax rate in third quarter of fiscal year 2011 was attributable to a one-time impact from certain incremental tax deductions from prior years. The higher effective tax rate in the first nine months of fiscal year 2011 was the result of a greater proportion of pre-tax income being generated by U.S. operations versus the international operations of Ross University in the current year quarter as compared to the prior year. Earnings of Ross University s international operations are not subject to U.S. federal or state taxes and also are exempt from income taxes in the jurisdictions in which the schools operate. The medical and veterinary schools have agreements with their respective governments that exempt them from local income taxation through the years 2043 and 2023, respectively. DeVry intends to

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indefinitely reinvest Ross University earnings and cash flow to improve and expand facilities and operations at the medical and veterinary schools, and pursue other business opportunities outside the United States. Accordingly, DeVry has not recorded a current provision for the payment of U.S. income taxes on these earnings.

LIQUIDITY AND CAPITAL RESOURCES

DeVry 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, state and provincial loan and grant programs; student and family educational loans (private loans); employer educational reimbursements; and student and family financial resources. Private loans as a percent of DeVry s total revenue are relatively small.

In connection with the turmoil in the credit markets and economic downturn over the past two years, some lenders changed or exited certain private loan programs. Also, certain lenders have tightened underwriting criteria for private loans. To date, these actions have not had a material impact on DeVry s students ability to access funds for their educational needs and thus its enrollments. DeVry monitors the student lending situation very closely and continues to pursue all available financing options for its students, including DeVry s institutional loan programs.

The following table summarizes DeVry s cash receipts from tuition and related fee payments by fund source as a percentage of total revenue for the fiscal years 2010 and 2009, respectively.

	Fiscal Year	
	2010	**2009**
Funding Source:		
Federal Assistance (Title IV) Program Funding:		
Grants and Loans	71%	73%
Federal Work Study	0%	1%
Total Title IV Program Funding	71%	74%
State Grants	2%	2%
Private Loans	1%	3%
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance and other	26%	21%
Total	100%	100%

The pattern of cash receipts during the year is somewhat seasonal. DeVry s accounts receivable peak immediately after bills are issued each session. Historically, accounts receivable reach their lowest level at the end of each session, dropping to their lowest point during the year at the end of June.

At March 31, 2011, total accounts receivable, net of related reserves, was $224.0 million, compared to $155.9 million at March 31, 2010. The increase in net accounts receivable was attributable to revenue growth across all four business segments as compared to the year-ago period. In addition, net accounts receivable increased as a result of a delay in March 2011 for the receipt of federal funds for DeVry University undergraduate students due to the school s cohort default rate of 10.2% which was in excess of the Department of Education s 10.0% threshold for cash disbursement timing. DeVry University s undergraduate cohort default rate remained well below the 25% eligibility threshold. Such funds will be received during the fourth quarter of fiscal year 2011.

During fiscal year 2010, the source of the funding from student accounts, cash payments, private scholarships, employer and military provided tuition assistance increased to 26% of DeVry s total tuition revenues as compared to 21% in the prior year. The primary reason for this increase was the full year impact of the financial results of DeVry Brasil in fiscal year 2010 as compared to the three month impact in fiscal year 2009. DeVry Brasil students do not participate in the Title IV program funding, resulting in a proportional increase in funding from student accounts and cash payments as compared to fiscal year 2009.

Financial Aid

Like other higher education institutions, DeVry is highly dependent upon the timely receipt of federal financial aid funds. All financial aid and assistance programs are subject to political and governmental budgetary considerations. In the United States, the Higher Education Act (HEA) guides the federal government s support of postsecondary education. If there are changes to financial aid programs that restrict student eligibility or reduce funding levels, DeVry s financial condition and cash flows could be materially and adversely affected. Please see Item 1A Risk Factors in DeVry s Quarterly Report on Form 10-Q for the period ended March 31, 2011, for a discussion of student financial aid related risks.

In addition, government-funded financial assistance programs are governed by extensive and complex regulations in both the United States and Canada. Like any other educational institution, DeVry s administration of these programs is periodically reviewed by various regulatory agencies and is subject to audit or investigation by other governmental authorities. Any violation could be the basis for penalties or other disciplinary action, including initiation of a suspension, limitation or termination proceeding. Previous Department of Education and state regulatory agency program reviews have not resulted in material findings or adjustments against DeVry.

A U.S. Department of Education regulation known as the 90/10 Rule affects only proprietary postsecondary institutions, such as DeVry University, Ross University, Chamberlain, Carrington College and Carrington College California. Under this regulation, an institution that derives more than 90% of its revenues from federal financial assistance programs in any year may not participate in these programs for the following year.

The following table details the percent of revenue from federal financial assistance programs for each of DeVry s Title IV eligible institutions for fiscal years 2010 and 2009, respectively.

	Fiscal Year	
	2010	**2009**
DeVry University:		
Undergraduate	77%	77%
Graduate	76%	70%
Ross University	82%	80%
Chamberlain College of Nursing	70%	69%
Carrington College Group, Inc.:		
Carrington College	82%	85%
Carrington College California	86%	83%

Under the terms of DeVry s 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 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 to use in current operations. This process generally occurs during the academic term for which such funds have been authorized. At March 31, 2011, cash in the amount of $7.4 million was held in restricted bank accounts, compared to $55.9 million at March 31, 2010. The primary reason for the decrease in cash held in restricted bank accounts at March 31, 2011 as compared to March 31, 2010 was the timing of restricted cash received at DeVry University in the current fiscal year as compared to the year ago period.

Cash from Operations

Cash generated from operations in the nine months of fiscal year 2011 was $485.2 million, compared to $481.3 million in the prior year period. Cash increased $47.1 million due to higher net income. Greater cash flow was also a result of an increase in deferred tuition revenue of $20.4 million driven by increased total student enrollments, primarily at DeVry University and Chamberlain. An increase in non-cash expenses for depreciation, amortization and stock-based compensation resulted in a $3.5 million greater source of cash. In addition, the timing of the receipt of tuition payments and restricted cash produced a $50.2 million increase in cash. Also, an increase in net deferred income tax liabilities resulted in a $21.0 million greater source of cash. These increases in operating cash flow were partially offset by $86.1 million from a lower source of cash compared to the prior year for changes in levels of prepaid expenses, accounts payable and accrued expenses. 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 s payroll and bill payment cycles. Also, accounts receivable, net of related reserves, increased in the first nine months of fiscal year 2011 and resulted in a $53.3 million use of cash. The increase in net accounts receivable was attributable to revenue growth across all four business segments as compared to the year-ago period. In addition, net accounts receivable increased as a result of a delay in March 2011 for the receipt of federal funds for

DeVry University undergraduate students due to the school s cohort default rate of 10.2% which was in excess of the Department of Education s 10.0% threshold. Such funds will be received during the fourth quarter of fiscal year 2011.

Cash Used in Investing Activities

Capital expenditures in the first nine months of fiscal year 2011 were $91.3 million compared to $101.6 million in the year-ago period. DeVry continues to invest capital to support Project DELTA (implementation of a new student information system for DeVry University and Chamberlain); facility expansion at the Ross University medical and veterinary schools; spending for the new Chamberlain campuses; new location openings and capacity expansion at Carrington; and facility improvements at DeVry University. Management expects the rate of capital spending to increase in the fourth quarter, and anticipates full year fiscal 2011 capital spending to be about $150 million.

Cash Used in Financing Activities

During the first nine months of fiscal year 2011, DeVry repurchased a total of approximately 2,248,000 shares of its stock, on the open market, for approximately $104.7 million. DeVry completed its third and fourth share repurchases program during the first six months of fiscal year 2011. In late December 2010, DeVry commenced its fifth program, and as of March 31, 2011, the total remaining authorization under this repurchase program was $19.9 million. The timing and amount of future repurchases under this program will be determined by DeVry management based on its evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, or in privately negotiated transactions, or otherwise. The buyback will be funded through available cash balances and/or borrowings under its revolving credit agreement and may be suspended or discontinued at any time.

Cash dividends paid during the first nine months of fiscal year 2011 were $15.5 million. DeVry s Board of Directors declared a dividend on November 10, 2010 of $0.12 per share to common stockholders of record as of December 10, 2010. The total dividend of $8.4 million was paid on January 10, 2011.

DeVry s consolidated cash balances of $596.5 million at March 31, 2011, included approximately $245.9 million of cash attributable to DeVry s international operations. It is DeVry 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 s overall liquidity.

Historically, DeVry 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 maintains a $175 million revolving line of credit which can be expanded to $275 million at the option of DeVry. For the nine months ended March 31, 2011, cash flows from domestic operating activities were approximately $429.6 million which, in addition to funding other investment and financing activities, was sufficient to fund $71.7 million of domestic capital investment, pay dividends of $15.5 million and fund $104.7 million of common stock repurchases.

DeVry believes that it has sufficient liquidity despite the disruption in the credit markets over the past two years. Management believes that current balances of unrestricted cash, cash generated from operations and revolving loan facility will be sufficient to fund both DeVry s current domestic and international operations and growth plans, and current share repurchase program, for the foreseeable future unless future significant investment opportunities, similar to the acquisition of Carrington, should arise.

Other Contractual Arrangements

DeVry s long-term contractual obligations consist of its $175 million revolving credit facility, operating leases on facilities and equipment, and agreements for various services. DeVry has the option to expand the revolving credit facility to $275 million. At March 31, 2011, there were no outstanding borrowings under DeVry s revolving credit agreement. DeVry s letters of credit outstanding under the revolving credit facility were approximately $3.0 million as of March 31, 2011.

DeVry is not a party to any off-balance sheet financing or contingent payment arrangements, nor are there any unconsolidated subsidiaries. DeVry has not extended any loans to any officer, director or other affiliated person. DeVry has not entered into any synthetic leases, and there are no residual purchase or value commitments related to any facility lease. DeVry 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 2011. DeVry had no open derivative positions at March 31, 2011.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued authoritative guidance for improving disclosure on fair value measurements. This guidance requires reporting entities to provide information about movements of assets among levels of the three-tier fair value hierarchy established by SFAS No. 157 (ASC 820). The guidance is effective for DeVry s fiscal year 2011, and it should be used for quarterly and annual filings. The application of this guidance did not have a significant impact on DeVry s financial disclosures.

In July 2010, the FASB issued authoritative guidance for improving disclosure on the credit quality of financing receivables and allowances for credit losses. This guidance requires reporting entities to provide information that will enable readers of financial statements to understand the nature of credit risk in a company s financing receivables, how that risk is analyzed in determining the related allowance for credit losses and changes to the allowance during the reporting period. The guidance is effective for DeVry s second quarter of fiscal year 2011, and it should be used for quarterly and annual filings. The application of this guidance is included in Note 5 to these consolidated financial statements included in Part I, Item 1 of this Report.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

DeVry 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 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 to experience cost increases at levels beyond what it has historically experienced.

The financial position and results of operations of Ross University s Caribbean operations are measured using the U.S. dollar as the functional currency. Substantially all Ross University financial transactions are denominated in the U.S. dollar.

The financial position and results of operations of DeVry s Canadian educational programs are measured using the Canadian dollar as the functional currency. The Canadian operations have not entered into any material long-term contracts to purchase or sell goods and services, other than the lease agreement on a teaching facility. DeVry does not have any foreign exchange contracts or derivative financial instruments designed to mitigate changes in the value of the Canadian dollar. Because Canada-based assets constitute less than 1.0% of DeVry s overall assets, and its Canadian liabilities constitute approximately 3% of overall liabilities, changes in the value of Canada s currency at rates experienced during the past several years are unlikely to have a material effect on DeVry s results of operations or financial position. Based upon the current value of the net assets in the Canadian operations, a change of $0.01 in the value of the Canadian dollar relative to the U.S. dollar would result in a translation adjustment of less than $100,000.

The financial position and results of operations of DeVry 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 does not have any foreign exchange contracts or derivative financial instruments designed to mitigate changes in the value of the Brazilian Real. Because Brazilian-based assets constitute approximately 4% of DeVry s overall assets, and its Brazilian liabilities constitute less than approximately 2% of overall liabilities, 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 s results of operations or financial position. 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 would result in a translation adjustment of less than $1.0 million.

The interest rate on DeVry s debt is based upon LIBOR interest rates for periods typically ranging from one to three months. For borrowings of $50.0 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, 2011, DeVry had no outstanding borrowings. 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 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 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 has not experienced any deposit losses to date, nor does management expect to incur such losses in the future.

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ITEM 4 CONTROLS AND PROCEDURES

Principal Executive and Principal Financial Officer Certificates

The required compliance certificates signed by the DeVry 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 s reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the applicable rules and forms.

DeVry 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 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 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 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 third quarter of fiscal year 2011 that materially affected, or are reasonably likely to materially affect, DeVry s internal control over financial reporting.

PART II Other Information

ITEM 1 LEGAL PROCEEDINGS

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

The Boca Raton Firefighters and Police Pension Fund filed a complaint (the Shareholder Case) in the United States District Court for the Northern District of Illinois on November 1, 2010 (Case No. 1:10-cv-07031). The complaint was filed on behalf of a putative class of persons who purchased DeVry common stock between October 25, 2007, and August 13, 2010. Plaintiffs filed an amended complaint (the Amended Complaint) on March 7, 2011 alleging the same categories of claims in the initial complaint. The plaintiffs claim DeVry, Daniel Hamburger and Richard M. Gunst violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by failing to disclose abusive and fraudulent recruiting and financial aid lending practices, thereby increasing DeVry s student enrollment and revenues and artificially inflating DeVry s stock price during the class period. DeVry and its executives believe the allegations contained in the Amended Complaint are without merit and intend to defend them vigorously. DeVry plans to file a Motion to Dismiss the Amended Complaint by May 6, 2011.

Three derivative cases similar to the Shareholder Case also have been filed (Derivative Actions). Two of the Derivative Actions were filed in the Circuit Court of Cook County, Illinois, Chancery Division: DeVry shareholder Timothy Hald filed a derivative complaint on behalf of DeVry on January 3, 2011 (*Hald v. Hamburger et al.*, Case No. 11 CH 0087) and Matthew Green (also a DeVry shareholder) filed a derivative complaint on behalf of DeVry on January 7, 2011 (*Green v. Hamburger et al.*, Case No. 11 CH 0770). The *Hald* and *Green* cases (the Consolidated Cases) were consolidated by court order dated February 9, 2011. Maria Dotro, another DeVry shareholder, filed a third derivative complaint on DeVry s behalf in the Delaware Court of Chancery on March 11, 2011 (*Dotro v. Hamburger et al.*, Case No. 6263). The *Dotro* case has been stayed pending resolution of DeVry s forthcoming Motion to Dismiss the Shareholder Case (Motion to Dismiss). DeVry is currently examining the possibility of obtaining a similar stay of the Consolidated Cases pending the outcome of the Motion to Dismiss the Shareholder Case.

The Derivative Actions allege that Daniel Hamburger, Richard M. Gunst, David J. Pauldine, Sharon T. Parrott, Ronald L. Taylor, Lisa W. Pickrum, Darren R. Huston, David S. Brown, William T. Keevan, Fernando Ruiz, Harold D. Shapiro, Lyle Logan, Connie R. Curran, and Julia McGee breached their fiduciary duties to DeVry by failing to disclose the same allegedly abusive and fraudulent recruiting and financial aid lending practices alleged in the

Shareholder Case. The Derivative Actions also allege that DeVry s officers and directors unjustly enriched themselves and wasted DeVry s assets by (i) causing DeVry to incur substantial costs in defending the

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Shareholder Case; (ii) causing DeVry to pay compensation and benefits to individuals who breached their fiduciary duties; (iii) causing potential losses from certain of DeVry s programs no longer being eligible for federal financial aid; and (iv) damaging DeVry s corporate image and goodwill. DeVry and its executives believe the allegations contained in the Derivative Actions are without merit and intend to defend them vigorously.

Although DeVry believes that the Shareholder Case and the Derivative Actions are without merit, the ultimate outcome of pending litigation is difficult to predict. At this time, DeVry does not expect that the outcome of any such matter will have a material effect on its cash flows, results of operations or financial position.

ITEM 1A RISK FACTORS

In addition to the other information set forth in this report and the risk factor described below, the factors discussed in Part I Item 1A. Risk Factors in DeVry s Annual Report on Form 10-K for the fiscal year ended June 30, 2010, which could materially affect DeVry s business, financial condition or future results, should be carefully considered. Such risks are not the only risks facing DeVry. Additional risks and uncertainties not currently known to DeVry or that management currently deems to be immaterial also may materially adversely affect its business, financial condition and/or operating results.

U.S. Department of Education (ED) rulemaking could result in regulatory changes that could have a material adverse effect on DeVry s student enrollment and financial results.

On October 28, 2010, the ED issued final regulations with respect to program integrity issues for postsecondary education institutions participating in Title IV programs, which will take effect on July 1, 2011. The ED expects to issue final rules in early 2011 related to the definition of gainful employment, which are expected to take effect on July 1, 2012. DeVry is in the process of reviewing the final regulations but does not anticipate making material changes to its operations in order to comply with the final regulations that were issued on October 28, 2010.

At this time, DeVry cannot be certain what requirements will be included in final regulations relating to gainful employment. Accordingly, DeVry cannot project how new requirements may affect the eligibility of DeVry s U.S. degree granting institutions to participate in the Title IV Programs, their ability to comply with revised Title IV Program regulations, or the potential impact of any changes on students or their ability to finance their educations. Uncertainty surrounding the final rules, interpretive regulations or guidance by the ED may continue for some period of time and may adversely affect DeVry s business. The outcome of the final rules related to the definition of gainful employment could have a material adverse effect on DeVry s financial condition, results of operations and cash flows.

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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 Publicly Announced Plans or Programs (1)		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 2011	233,300	$	47.22	233,300	$	37,871,380
February 2011	152,000	$	53.46	152,000		29,745,484
March 2011	185,300	$	53.20	185,300		19,886,793
Total	570,600	$	50.71	570,600	$	19,886,793

(1) On November 10, 2010, the Board of Directors authorized a share repurchase program to buy back up to $50 million of DeVry common stock through December 31, 2012. The total remaining authorization under this share repurchase program was $19,886,793 as of March 31, 2011.

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 Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 2011	4,096	$	46.38	N/A	N/A
February 2011	173	$	53.65	N/A	N/A
March 2011		$		N/A	N/A
Total	4,269	$	46.67	N/A	N/A

(2) Represents shares delivered back to the issuer under a swap agreement resulting from employees exercise of incentive stock options and for payment of withholding taxes from employees for vesting restricted shares both pursuant to the terms of DeVry s stock incentive plans.

ITEM 4 [REMOVED AND RESERVED]

ITEM 6 EXHIBITS

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.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 Inc.
Date: May 5, 2011	By /s/ Daniel M. Hamburger Daniel M. Hamburger Chief Executive Officer
Date: May 5, 2011	By /s/ Richard M. Gunst Richard M. Gunst Senior Vice President and Chief Financial Officer