

DEVRY EDUCATION GROUP INC.
Form 10-Q
November 05, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 1-13988

DeVry Education Group Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

*(State or other jurisdiction of
incorporation or organization)*

36-3150143

*(I.R.S. Employer
Identification No.)*

**3005 HIGHLAND PARKWAY
DOWNERS GROVE, ILLINOIS**

(Address of principal executive offices)

60515

(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 No

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 No

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

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

October 29, 2014 — 63,879,990 shares of Common Stock, \$0.01 par value

DEVRY EDUCATION GROUP INC.

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

	Page No.
PART I – Financial Information	
Item 1	
Financial Statements (Unaudited)	
Consolidated Balance Sheets	3
Consolidated Statements of Income (Loss)	4
Consolidated Statements of Comprehensive Income (Loss)	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Item 2	
Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3	
Quantitative and Qualitative Disclosures About Market Risk	44
Item 4	
Controls and Procedures	45
PART II – Other Information	
Item 1	
Legal Proceedings	45
Item 1A	
Risk Factors	46
Item 2	
Unregistered Sales of Equity Securities and Use of Proceeds	47
Item 4	
Mine Safety Disclosure	48
Item 6	
Exhibits	48
<u>Signatures</u>	49

DEVRY EDUCATION GROUP INC.**CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	September 30, 2014	June 30, 2014	September 30, 2013
	(Dollars in thousands, except share and par value amounts)		
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 473,108	\$ 358,188	\$ 308,544
Marketable Securities and Investments	3,414	3,448	3,104
Restricted Cash	12,057	8,347	7,251
Accounts Receivable, Net	170,280	132,621	183,487
Deferred Income Taxes, Net	46,741	39,679	33,336
Prepaid Expenses and Other	30,272	34,808	51,701
Current Assets of Divested Business	-	-	5,053
Total Current Assets	735,872	577,091	592,476
Land, Building and Equipment:			
Land	67,060	68,185	67,101
Building	465,930	464,944	427,194
Equipment	488,783	488,322	471,905
Construction in Progress	25,806	17,405	44,226
	1,047,579	1,038,856	1,010,426
Accumulated Depreciation	(495,165)	(483,019)	(439,933)
Land, Building and Equipment, Net	552,414	555,837	570,493
Other Assets:			
Intangible Assets, Net	288,620	294,932	298,419
Goodwill	514,220	519,879	517,655
Perkins Program Fund, Net	13,450	13,450	13,450
Other Assets	30,051	36,447	32,805
Other Assets of Divested Business	-	-	1,509
Total Other Assets	846,341	864,708	863,838
TOTAL ASSETS	\$ 2,134,627	\$ 1,997,636	\$ 2,026,807
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 68,183	\$ 52,260	\$ 57,798
Accrued Salaries, Wages and Benefits	83,241	94,501	96,100
Accrued Expenses	64,957	70,891	82,496
Deferred and Advance Tuition	234,884	99,160	243,353
Total Current Liabilities	451,265	316,812	479,747
Other Liabilities:			
Deferred Income Taxes, Net	50,552	47,921	64,026

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Deferred Rent and Other	86,022	93,117	87,999
Total Other Liabilities	136,574	141,038	152,025
TOTAL LIABILITIES	587,839	457,850	631,772
COMMITMENTS AND CONTINGENCIES (NOTE 13)			
NON-CONTROLLING INTEREST	6,617	6,393	5,890
SHAREHOLDERS' EQUITY			
Common Stock, \$0.01 Par Value, 200,000,000 Shares			
Authorized: 63,887,000, 63,624,000 and 63,198,000 Shares			
Issued and Outstanding at September 30, 2014, June 30, 2014	767	753	751
and September 30, 2013, respectively			
Additional Paid-in Capital	331,251	320,703	298,386
Retained Earnings	1,702,289	1,682,071	1,562,662
Accumulated Other Comprehensive Loss	(32,015)	(15,394)	(17,605)
Treasury Stock, at Cost, 12,156,000, 11,655,000 and	(462,121)	(454,740)	(455,049)
11,662,000 Shares, respectively			
TOTAL SHAREHOLDERS' EQUITY	1,540,171	1,533,393	1,389,145
TOTAL LIABILITIES AND EQUITY	\$ 2,134,627	\$ 1,997,636	\$ 2,026,807

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

DEVRY EDUCATION GROUP INC.**CONSOLIDATED STATEMENTS OF INCOME (LOSS)****(Unaudited)**

	For the Three Months Ended September 30,	
	2014	2013
	(Dollars in thousands except per share amounts)	
REVENUE:		
Tuition	\$ 421,873	\$ 419,318
Other Educational	40,171	31,595
Total Revenue	462,044	450,913
OPERATING COSTS AND EXPENSES:		
Cost of Educational Services	246,331	241,737
Student Services and Administrative Expense	177,753	189,158
Gain on Sale of Assets	-	(1,918)
Restructuring Expenses	13,317	11,665
Total Operating Costs and Expenses	437,401	440,642
Operating Income	24,643	10,271
INTEREST INCOME (EXPENSE):		
Interest Income	397	583
Interest Expense	(393)	(1,000)
Net Interest Income (Expense)	4	(417)
Income from Continuing Operations Before Income Taxes	24,647	9,854
Income Tax Provision	(4,210)	(1,703)
Income from Continuing Operations	20,437	8,151
DISCONTINUED OPERATIONS (NOTE 3):		
Loss from Operations of Divested Component	-	(16,324)
Income Tax Benefit	-	996
Loss on Discontinued Operations	-	(15,328)
NET INCOME (LOSS)	20,437	(7,177)
Net Income Attributable to Noncontrolling Interest	3	45
NET INCOME (LOSS) ATTRIBUTABLE TO DEVRY EDUCATION GROUP	\$ 20,440	\$ (7,132)
AMOUNTS ATTRIBUTABLE TO DEVRY EDUCATION GROUP		
Income from Continuing Operations, Net of Income Taxes	20,440	8,196
Loss from Discontinued Operations, Net of Income Taxes	-	(15,328)
NET INCOME (LOSS) ATTRIBUTABLE TO DEVRY EDUCATION GROUP	\$ 20,440	\$ (7,132)
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO DEVRY EDUCATION GROUP SHAREHOLDERS		

Basic:			
Continuing Operations	\$ 0.32	\$ 0.13	
Discontinued Operations	-	(0.24))
	\$ 0.32	\$ (0.11))
Diluted:			
Continuing Operations	\$ 0.31	\$ 0.13	
Discontinued Operations	-	(0.24))
	\$ 0.31	\$ (0.11))

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

DEVRY EDUCATION GROUP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	For the Three Months Ended September 30,	
	2014	2013
	(Dollars in thousands)	
NET INCOME (LOSS)	\$ 20,437	\$ (7,177)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Currency Translation Loss	(16,593)	(624)
Change in Fair Value of Available-For-Sale Securities	(28)	120
COMPREHENSIVE INCOME (LOSS)	3,816	(7,681)
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	602	80
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO DEVRY EDUCATION GROUP	\$ 4,418	\$ (7,601)

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

DEVRY EDUCATION GROUP INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	For the Three Months Ended September 30,	
	2014	2013
	(Dollars in Thousands)	
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$20,437	\$(7,177)
Loss from Discontinued Operations	-	15,328
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Stock Based Compensation Expense	5,522	5,816
Depreciation	20,448	19,980
Amortization	764	1,649
Provision for Refunds and Uncollectible Accounts	20,575	17,819
Deferred Income Taxes	(2,640)	(1,122)
Loss on Disposal and Adjustments to Land, Building and Equipment	53	592
Realized Gain on Sale of Assets	-	(1,918)
Changes in Assets and Liabilities, Net of Effects from Acquisition and Divestiture of Components:		
Restricted Cash	(3,710)	(232)
Accounts Receivable	(61,021)	(60,565)
Prepaid Expenses and Other	9,311	(3,163)
Accounts Payable	15,925	2,666
Accrued Salaries, Wages, Benefits and Expenses	(20,562)	7,984
Deferred and Advance Tuition	135,961	144,840
Net Cash Provided by Operating Activities-Continuing Operations	141,063	142,497
Net Cash Used by Operating Activities- Discontinued Operations	-	(1,277)
NET CASH PROVIDED BY OPERATING ACTIVITIES	141,063	141,220
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital Expenditures	(21,152)	(22,180)
Payment for Purchase of Businesses, Net of Cash Acquired	-	(12,343)
Marketable Securities Purchased	(11)	(9)
Cash Received on Sale of Assets	-	6,662
NET CASH USED IN INVESTING ACTIVITIES	(21,163)	(27,870)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Exercise of Stock Options	3,266	1,197
Proceeds from Stock Issued Under Employee Stock Purchase Plan	309	339
Repurchase of Common Stock for Treasury	(2,485)	-
Cash Dividends Paid	-	(14)
Payments of Seller Financed Obligations	(4,097)	(2,138)
NET CASH USED IN FINANCING ACTIVITIES	(3,007)	(616)

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Effects of Exchange Rate Differences	(1,973)	(1,334)
NET INCREASE IN CASH AND CASH EQUIVALENTS	114,920	111,400
Cash and Cash Equivalents at Beginning of Period	358,188	197,144
Cash and Cash Equivalents at End of Period	\$473,108	\$308,544
Non-cash Investing and Financing Activity:		
Accretion of Noncontrolling Interest Put Option	\$227	\$5,081

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

DEVRY EDUCATION GROUP INC.

Notes to Consolidated Financial Statements

NOTE 1: INTERIM FINANCIAL STATEMENTS

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

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

The results of operations for the three months ended September 30, 2014, are not necessarily indicative of results to be expected for the entire fiscal year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Cash and Cash Equivalents

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

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

Financial Aid and Restricted Cash

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

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

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

Revenue Recognition

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

Estimates of DeVry Group’s expected refunds are determined at the outset of each academic term, based upon actual experience in previous terms, and monitored and adjusted as necessary within the term. If a student leaves school prior to completing a term, federal, state and/or Canadian provincial regulations and accreditation criteria permit DeVry Group to retain only a set percentage of the total tuition received from such student, which varies with, but generally equals or exceeds, the percentage of the term completed by such student. Payment amounts received by DeVry Group in excess of such set percentages of tuition are refunded to the student or the appropriate funding source. All refunds are netted against revenue during the applicable academic term. Provisions for refunds were \$8.5 million and \$8.3 million for the three months ended September 30, 2014 and 2013, respectively.

The allowance for uncollectible accounts is determined by analyzing the current aging of accounts receivable and historical loss rates on collections of accounts receivable. In addition, management considers projections of future receivable levels and collection loss rates. We monitor the inputs to this analysis periodically throughout the year. Provisions required to maintain the allowance at appropriate levels are charged to expense in each period as required. Provisions for uncollectible accounts, which are included in the Cost of Educational Services in the Consolidated Statements of Income (Loss), for the three months ended September 30, 2014 and 2013 were \$12.0 million and \$9.5 million, respectively. The increase in the provision was the result of a larger number of DeVry University undergraduate student accounts moving into inactive status compared to the prior year. These accounts are reserved at a higher rate than active student accounts.

Reserves related to refunds and uncollectible accounts totaled \$64.2 million and \$50.4 million at September 30, 2014 and 2013, respectively.

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

Internal-Use Software Development Costs

DeVry Group capitalizes certain internal-use software development costs that are amortized using the straight-line method over the estimated lives of the software, not to exceed seven years. Capitalized costs include external direct costs of equipment, materials and services consumed in developing or obtaining internal-use software and payroll-related costs for employees directly associated with the internal-use software development project. Capitalization of such costs ceases at the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software development costs for projects not yet complete are included as Construction in Progress in the Land, Building and Equipment section of the Consolidated Balance Sheets. Costs capitalized during the three months ended September 30, 2014 were approximately \$0.3 million. There were no costs capitalized during the three months ended September 30, 2013. As of September 30, 2014 and 2013, the net balance of capitalized software development costs was \$41.8 million and \$57.5 million, respectively.

Impairment of Long-Lived Assets

DeVry Group evaluates the carrying amount of its significant long-lived assets whenever changes in circumstances or events indicate that the value of such assets may not be fully recoverable. Events that may trigger an impairment analysis could include a decision by management to exit a market or a line of business or to consolidate operating locations. In fiscal years 2015 and 2014, management consolidated operations at several DeVry University and Carrington College locations. These decisions resulted in the write-off of approximately \$0.2 million and \$0.7 million of leasehold improvements and equipment during the three months ended September 30, 2014 and 2013, respectively. These write-offs are included in Restructuring Expenses in the Consolidated Statements of Income (Loss) (see “Note 10-Restructuring Charges”). For a discussion of the impairment of goodwill and intangible assets see “Note 9-Intangible Assets”.

Perkins Program Fund

DeVry University is required under U.S. federal aid program regulations to make contributions to the Perkins Student Loan Fund, most recently at a rate equal to 33% of new contributions by the U.S. federal government. No new U.S. federal contributions were received in fiscal years 2014 and 2013. DeVry Group carries its investment in such contributions at original value, net of allowances for expected losses on loan collections, of \$2.6 million at September 30, 2014 and 2013. The allowance for future loan losses is based upon an analysis of actual loan losses experienced since the inception of the program. As previous borrowers repay their Perkins loans, their payments are used to fund new loans, thus creating a revolving loan fund. The U.S. federal contributions to this revolving loan program do not belong to DeVry Group and are not recorded in its financial statements. Under current law, upon termination of the program by the U.S. federal government or withdrawal from future program participation by DeVry University, subsequent student loan repayments would be divided between the U.S. federal government and DeVry University to satisfy their respective cumulative contributions to the fund.

Foreign Currency Translation

The financial position and results of operations of the RUSM and RUSVM and the AUC Caribbean operations are measured using the U.S. dollar as the functional currency. As such, there is no translation gain or loss associated with these operations. DeVry Brasil’s operations, DeVry Group’s Canadian operations and Becker’s international operations are measured using the local currency as the functional currency. Assets and liabilities of these entities are translated to U.S. dollars using exchange rates in effect at the balance sheet dates. Income and expense items are translated at monthly average rates of exchange. The resultant translation adjustments are included in the component of Shareholders’ Equity designated as Accumulated Other Comprehensive Loss. Transaction gains or losses during the three months ended September 30, 2014 and 2013 were not material.

Noncontrolling Interest

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

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

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

	Three Months Ended	
	September 30,	
	2014	2013
Balance at Beginning of period	\$ 6,393	\$ 854
Net Income Attributable to Noncontrolling Interest	(3)	(45)
Payment for Purchase of Noncontrolling Interest	-	-
Accretion of Noncontrolling Interest Put Option	227	5,081
Balance at End of period	\$ 6,617	\$ 5,890

Earnings per Common Share

Basic earnings per share is computed by dividing net income attributable to DeVry Group by the weighted average number of common shares outstanding during the period plus unvested participating restricted share units. Diluted earnings per share is computed by dividing net income attributable to DeVry Group by the weighted average number of shares assuming dilution. Dilutive shares are computed using the Treasury Stock Method and reflect the additional shares that would be outstanding if dilutive stock options were exercised during the period. Excluded from the September 30, 2014 and 2013 computations of diluted earnings per share were options to purchase 901,000 and 2,169,000 shares of common stock, 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 (amounts in thousands):

	Three Months	
	Ended	
	September 30,	
	2014	2013
Weighted Average Shares Outstanding	63,750	63,061
Unvested Participating Restricted Shares	851	922
Basic Shares	64,601	63,983
Effect of Dilutive Stock Options	828	527
Diluted Shares	65,429	64,510

Treasury Stock

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

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

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

Use of Estimates

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

Accumulated Other Comprehensive Loss

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

The Accumulated Other Comprehensive Loss balance at September 30, 2014, consists of \$32.3 million of cumulative translation losses (\$31.1 million attributable to DeVry Group and \$1.2 million attributable to non-controlling interests) and \$0.3 million of unrealized gains on available-for-sale marketable securities, net of tax of \$0.1 million and all attributable to DeVry Group. At September 30, 2013, this balance consisted of \$17.7 million of cumulative translation losses (\$17.2 million attributable to DeVry Group and \$0.5 million attributable to non-controlling interests) and \$0.1 million of unrealized losses on available-for-sale marketable securities, net of tax of \$0.1 million and all attributable to DeVry Group.

Advertising Expense

Advertising costs are recognized as expense in the period in which materials are purchased or services are performed. Advertising expense, which is included in Student Services and Administrative Expense in the Consolidated Statements of Income, was \$66.2 million and \$73.0 million for the three months ended September 30, 2014 and 2013, respectively.

Restructuring and Other Charges

DeVry Group financial statements include charges related to reduced enrollment at some of its institutions. Management is reducing DeVry Group's cost structure to align with this reduced enrollment. Such charges include

severance and related benefits for reductions in staff and voluntary separation plans and real estate consolidation charges. These charges include early lease termination or cease-of-use costs and losses on disposals of property and equipment (see “Note 10-Restructuring Charges”).

Recent Accounting Pronouncements

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

In April 2014, the FASB issued Accounting Standards Update No. 2014-08: “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity”. This guidance requires that only disposals representing a strategic shift in operations be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. The new standard is effective for the fiscal years and interim periods within those years beginning after December 15, 2014 with early adoption permitted. Management does not believe this guidance will have a significant impact on DeVry Group’s consolidated financial statements.

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

Reclassifications

The previously reported amounts in the September 30, 2013 Consolidated Balance Sheet for Prepaid Expenses and Other of \$51.1 million and Refundable Income Taxes of \$0.6 million have been combined as Prepaid Expenses and Other to conform to the current presentation format. These classifications had no effect on reported net income.

NOTE 3: ASSETS AND LIABILITIES OF DIVESTED COMPONENT AND DISCONTINUED OPERATIONS**Assets and Liabilities of Divested Component**

In December 2013, the assets of DeVry Group's Advanced Academics Inc. ("AAI") subsidiary, which had previously been disclosed as "held for sale" were divested. These assets were sold for \$2.0 million, which approximated the recorded net book value of the assets on the date of sale. The assets and liabilities of AAI are separately disclosed in the Consolidated Balance Sheets as of September 30, 2013. The following is a summary of balance sheet information of divested assets and liabilities at September 30, 2013 (dollars in thousands).

	September 30, 2013
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ (84)
Accounts Receivable, Net	12,192
Deferred Income Taxes, Net	3,053
Prepaid Expenses and Other	736
Fair Market Value Reserve	(10,844)
Total Current Assets of Divested Component	5,053
Other Assets:	
Deferred Income Taxes, Net	1,509
Other Assets	3,715
Fair Market Value Reserve	(3,715)
Total Other Assets	1,509
Total Assets of Divested Component	\$ 6,562
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 279
Accrued Salaries, Wages and Benefits	415

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Accrued Expenses	4	
Deferred Tuition Revenue	1,483	
Fair Market Value Reserve	(2,181)
Total Current Liabilities of Divested Component	-	
Other Liabilities:		
Deferred Rent and Other	41	
Fair Market Value Reserve	(41)
Total Other Liabilities of Divested Component	-	
Liabilities of Divested Component	\$ -	

12

Discontinued Operations

The operating results of AAI are separately disclosed in the Consolidated Statements of Income as “Discontinued Operations – Loss from Operations of Divested Component”. The following is a summary of operating results of the discontinued operations for the three months ended September 30, 2013 (dollars in thousands).

	For the Three Months Ended September 30, 2013
Loss from Operations of Divested Component	\$ (2,847)
Asset Impairment Charge and Gain on Sale	(13,477)
Restructuring Expense	-
Income Tax Benefit	996
Loss from Discontinued Operations, Net of Income Taxes	\$ (15,328)

NOTE 4: STOCK-BASED COMPENSATION

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

DeVry Group accounts for stock-based compensation granted to retirement eligible employees that fully 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 stock-based grants issued to retirement eligible employees.

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At September 30, 2014, 9,848,949 authorized but unissued shares of common stock were reserved for issuance under DeVry Group's stock incentive plans.

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

The following is a summary of options activity for the three months ended September 30, 2014:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (\$000)
Outstanding at July 1, 2014	3,362,287	\$ 33.09		
Options Granted	235,525	43.47		
Options Exercised	(121,337)	27.65		
Options Forfeited	(30,398)	24.77		
Options Expired	(4,580)	30.13		
Outstanding at September 30, 2014	3,441,497	34.07	6.13	\$ 35,851
Exercisable at September 30, 2014	2,342,804	\$ 36.23	4.97	\$ 21,042

The following is a summary of stock appreciation rights activity for the three months ended September 30, 2014:

	Stock Appreciation Rights Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (\$000)
Outstanding at July 1, 2014	118,065	\$ 42.87		
Rights Granted	-	-		
Rights Exercised	-	-		
Rights Canceled	-	-		
Outstanding at September 30, 2014	118,065	42.87	5.70	\$ 389
Exercisable at September 30, 2014	103,874	\$ 43.90	4.70	\$ 268

The total intrinsic value of options exercised for the three months ended September 30, 2014 and 2013 was \$1.8 million and \$0.5 million, respectively.

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

The weighted average estimated grant date fair values for options granted at market price under DeVry Group's stock-based incentive plans during the first three months of fiscal years 2015 and 2014 were \$17.17 and \$11.68, per share, respectively. The fair value of DeVry Group's stock option grants were estimated assuming the following weighted average assumptions:

	Fiscal Year	
	2014	2013
Expected Life (in Years)	6.73	6.58
Expected Volatility	42.04 %	43.76 %
Risk-free Interest Rate	2.03 %	2.16 %
Dividend Yield	1.03 %	0.90 %
Pre-vesting Forfeiture Rate	3.00 %	3.00 %

The expected life of the options granted is based on the weighted average exercise life with age and salary adjustment factors from historical exercise behavior. DeVry Group's expected volatility is computed by combining and weighting the implied market volatility, the most recent volatility over the expected life of the option grant, and DeVry Group's

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

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

During the first quarter of fiscal year 2015, DeVry Group granted 300,110 shares of restricted stock to selected employees. Of these, 98,940 are performance based shares which are earned by the recipients over a three year period based on achievement of certain academic goals when a minimum level of DeVry Group return on invested capital is attained. The remaining 201,170 shares and all other previously granted shares of restricted stock are subject to restrictions which lapse ratably over one, three and four-year periods on the grant anniversary date based on the recipient's continued service on the Board of Directors or employment with DeVry Group, or upon retirement. During the restriction period, the recipient of the non-performance based shares shall have the right to receive dividend equivalents. This right does not pertain to the performance based shares. The following is a summary of restricted stock activity for the three months ended September 30, 2014:

	Restricted Stock Outstanding	Weighted Average Grant Date Fair Value
Nonvested at July 1, 2014	1,119,766	\$ 26.49
Shares Granted	300,110	\$ 43.35
Shares Vested	(304,042)	\$ 28.92
Shares Forfeited	(35,222)	\$ 30.17
Nonvested at September 30, 2014	1,080,612	\$ 30.93

The weighted average estimated grant date fair values for restricted stock granted at market price under DeVry Group's stock-based incentive plans during the first three months of fiscal years 2015 and 2014 were \$43.35 and \$28.32, per share, respectively.

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

	For the Three Months Ended September 30,	
	2014	2013
Cost of Educational Services	\$ 1,767	\$ 1,861
Student Services and Administrative Expense	3,755	3,955
	5,522	5,816
Income Tax Benefit	(2,041)	(1,946)
Net Stock-Based Compensation Expense	\$ 3,481	\$ 3,870

As of September 30, 2014, \$20.3 million of total pre-tax unrecognized compensation costs related to non-vested grants is expected to be recognized over a weighted average period of 2.9 years. The total fair value of options and shares vested during the three months ended September 30, 2014 and 2013 was approximately \$15.4 million and \$14.5 million, respectively.

There were no capitalized stock-based compensation costs at September 30, 2014 and 2013.

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

NOTE 5: FAIR VALUE MEASUREMENTS

DeVry Group has elected not to measure any assets or liabilities at fair value other than those required to be measured at fair value on a recurring basis. Assets measured at fair value on a non-recurring basis include goodwill and intangible assets and assets of businesses where the long-term value of the operations have been impaired. Management has fully considered all authoritative guidance when determining the fair value of DeVry Group's financial assets as of September 30, 2014.

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

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

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

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

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

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

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

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

The following tables present DeVry Group’s assets and liabilities at June 30, 2014, that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (dollars in thousands).

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	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$473,108	\$ -	\$ -
Available for Sale Investments:			
Marketable Securities, short-term	3,414	-	-
Total Financial Assets at Fair Value	\$476,522	\$ -	\$ -

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

The fair value of the institutional loans receivable included in Accounts Receivable, Net and Other Assets on the Consolidated Balance Sheet as of September 30, 2014 is estimated by discounting the future cash flows using current rates for similar arrangements. As of September 30, 2014, the carrying value and the estimated fair value of these financial instruments was approximately \$47.6 million. See “Note 6 - Financing Receivables” for further discussion on these institutional loans receivable.

As of and for the three months ended September 30, 2014, there were no assets or liabilities measured at fair value using Level 3 inputs. Below is a roll-forward of accrued contingent liabilities measured at fair value using Level 3 inputs for the three months ended September 30, 2013 (dollars in thousands). The amount recorded as foreign currency translation gain for the three months ended September 30, 2013 is classified as student services and administrative expense in the Consolidated Statements of Income (Loss).

	Accrued Expenses
Balance at June 30, 2013	\$ 2,509
Total Unrealized Gains (Losses) Included in AOCI:	
Foreign Currency Translation Changes	10
Balance at September 30, 2013	\$ 2,519

NOTE 6: FINANCING RECEIVABLES

DeVry Group's institutional loan programs are available to students at its DeVry University, Chamberlain and Carrington institutions as well as selected students at AUC, RUSM and RUSVM. These loan programs are designed to assist the small percentage of students who are unable to completely cover educational costs by other means. These loans may be used for tuition, books, and fees, and are available only after all other student financial assistance has been applied toward those purposes. In addition, AUC, RUSM and RUSVM loans may be used for students' living expenses. Repayment plans for institutional loan program balances are developed to address the financial circumstances of the particular student. Interest charges accrue each month on the unpaid balance. DeVry University, Chamberlain, and Carrington require that students begin repaying a small portion of the loans while they are still in school, and then payments increase upon completing or departing the program. After a student leaves school, the student typically will have a monthly installment repayment plan with all balances due within 12 to 60 months. In addition, the Becker CPA Review Course and the United States Medical Licensing Exam Review Course can be financed through Becker with zero percent, 18-month and 6-month, respectively, term loans.

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

The following table details the institutional loan balances along with the related allowances for credit losses as of September 30, 2014 and 2013 (dollars in thousands).

As of September 30,

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	2014	2013
Gross Institutional Student Loans	\$67,174	\$64,023
Allowance for Credit Losses		
Balance at Beginning of Period	\$(18,914)	\$(18,958)
Charge-offs	1,381	1,041
Recoveries	(269)	(198)
Additional Provision	(1,810)	(1,361)
Balance at End of Period	(19,612)	(19,476)
Net Institutional Student Loans	\$47,562	\$44,547

Of the net balances above, \$20.5 million and \$20.8 million were classified as Accounts Receivable, Net in the Consolidated Balance Sheets at September 30, 2014 and 2013, respectively, and \$27.0 million and \$23.7 million, representing amounts due beyond one year, were classified in the Consolidated Balance Sheets as Other Assets at September 30, 2014 and 2013, respectively.

The following tables detail the credit risk profiles of the institutional student loan balances based on payment activity and provide an aging analysis of past due institutional student loans as of September 30, 2014 and 2013 (dollars in thousands).

	As of September	
	30,	2013
	2014	2013
Institutional Student Loans:		
Performing	\$49,952	\$47,670
Nonperforming	17,222	16,353
Total Institutional Student Loans	\$67,174	\$64,023

	30-59	60-89	90-119	Greater	Total	Current	Total
	Days	Days	Days	Than	Past		Institutional
	Past	Past	Past	120	Due		Student
	Due	Due	Due	Days			Loans
				Past			
				Due			
Institutional Student Loans:							
September 30, 2014	\$5,136	\$2,171	\$1,426	\$17,222	\$25,955	\$41,219	\$ 67,174
September 30, 2013	\$4,283	\$1,725	\$2,068	\$16,353	\$24,429	\$39,594	\$ 64,023

Loans are considered nonperforming if they are more than 120 days past due. At September 30, 2014, nonperforming loans totaled \$17.2 million, of which \$14.7 million had a specific allowance for credit losses. At September 30, 2013 nonperforming loans totaled \$16.3 million, of which \$13.0 million had a specific allowance for credit losses.

NOTE 7: SHARE REPURCHASE PROGRAMS

DeVry Group has repurchased shares under the following programs as of September 30, 2014:

Date	Shares	Total Cost
Authorized	Repurchased	(millions)
November 15, 2006	908,399	\$ 35.0
May 13, 2008	1,027,417	50.0
November 11, 2009	972,205	50.0
August 11, 2010	1,103,628	50.0
November 10, 2010	968,105	50.0
May 20, 2011	2,396,143	100.0

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November 2, 2011	3,478,299	100.0
August 29, 2012	786,440	22.8
Totals	11,640,636	\$ 457.8

On August 29, 2012, the DeVry Group Board of Directors (“Board”) authorized an eighth share repurchase program, which allowed DeVry Group to repurchase up to \$100 million of its common stock through December 31, 2014. This program commenced in November 2012. Repurchases under this program were suspended in May 2013. In August 2014, the Board approved the extension of the eighth share repurchase program through December 31, 2015, and authorized the recommencement of repurchases under the program which began in September 2014. A total of 57,152 shares were repurchased during the three months ended September 30, 2014 for \$2.5 million. As of September 30, 2014, the total remaining authorization under this eighth repurchase program was \$77.2 million. The timing and amount of any repurchase will be determined based on evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, in privately negotiated transactions, or otherwise. The buyback will be funded through available cash balances and/or borrowings and may be suspended or discontinued at any time.

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

NOTE 8: BUSINESS COMBINATIONS

Faculdade Diferencial Integral

On July 1, 2013, DeVry Educacional do Brasil S/A (f/k/a Fanor-Faculdades Nordeste S/A) (“DeVry Brasil”), a subsidiary of DeVry Group, acquired the stock of Faculdade Diferencial Integral (“Facid”), located in the state of Piaui, Brazil, for approximately \$16.1 million in cash. In addition, DeVry Brasil will be required to make additional aggregate payments of approximately \$9.0 million over the next three years. Facid currently serves approximately 2,900 students at two campuses in the city of Teresina, and offers degree programs primarily in healthcare, including a Doctor of Medicine (M.D.) program. Facid also offers undergraduate degrees in other healthcare fields such as nursing, pharmacy, and dentistry, as well as a law program. Facid joined DeVry Brasil, which now operates eight institutions at 13 campuses in north and northeast Brazil. DeVry Brasil’s institutions collectively provide education programs to approximately 36,000 students.

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

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

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

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

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

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

NOTE 9: INTANGIBLE ASSETS

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

Intangible assets consist of the following (dollars in thousands):

	As of September 30, 2014		Weighted Avg. Amortization Period
	Gross Carrying Amount	Accumulated Amortization	
Amortizable Intangible Assets:			
Student Relationships	\$ 80,591	\$ (79,224	) (a)
Customer Relationships	3,561	(1,171	) 12 Years
Non-compete Agreements	2,483	(2,013	) 5 Years
Curriculum/Software	3,110	(2,351	) 5 Years
Outplacement Relationships	3,900	(1,569	) 15 Years
Clinical Agreements	530	(44	) 15 Years
Trade Names	5,612	(4,916	) 8.5Years
Total	\$ 99,787	\$ (91,289)
Indefinite-lived Intangible Assets:			
Trade Names	\$ 40,454		
Trademark	1,645		
Ross Title IV Eligibility and Accreditations	14,100		
Intellectual Property	13,940		
Chamberlain Title IV Eligibility and Accreditations	1,200		
Carrington Title IV Eligibility and Accreditations	67,200		
AUC Title IV Eligibility and Accreditations	100,000		
DeVry Brasil Accreditation	41,583		
Total	\$ 280,122		

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

	As of September 30, 2013	
	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:		
Student Relationships	\$ 81,619	\$ (76,130)
Customer Relationships	3,554	(813)
Non-compete Agreements	2,517	(1,859)
Curriculum/Software	5,648	(4,424)
Outplacement Relationships	3,900	(1,309)
Trade Names	5,838	(4,828)
Clinical Agreements	585	(10)
Total	103,661	(89,373)
Indefinite-lived Intangible Assets:		
Trade Names	\$ 40,894	
Trademark	1,645	
Ross Title IV Eligibility and Accreditations	14,100	
Intellectual Property	13,940	
Chamberlain Title IV Eligibility and Accreditations	1,200	
Carrington Title IV Eligibility and Accreditations	67,200	
AUC Title IV Eligibility and Accreditations	100,000	
DeVry Brasil Accreditation	45,152	
Total	\$ 284,131	

Amortization expense for amortized intangible assets was \$0.8 million and \$1.6 million for the three months ended September 30, 2014 and 2013, 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	AUC	Becker	DeVry Brasil	Carrington	Total
2016	\$ 387	\$ 928	\$ 943	\$ 260	\$2,518
2017	-	893	610	260	1,763
2018	-	628	299	260	1,187
2019	-	356	163	260	779
2020	-	356	163	260	779
Thereafter	-	698	414	1,096	2,206

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

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

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

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

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

Though the DeVry University reporting unit experienced a decline in revenue in the first quarter of fiscal year 2015 compared to the year-ago quarter, management did not believe business conditions had deteriorated such that it was more likely than not that the fair value was below carrying value for this reporting unit or its associated indefinite-lived intangible assets during the first quarter of fiscal year 2015. At DeVry University, which carries a goodwill balance of \$22.2 million and intangible assets of \$1.6 million, revenue declined by approximately 12% from the year-ago quarter but operating earnings before special charges improved by more than \$5.0 million from the year-ago quarter and were in-line with management's expectations contained in the fiscal year 2015 operating plan. These results were achieved through an emphasis on cost control to offset a decline in revenue. The revenue decline at DeVry University was primarily the result of a decline in undergraduate student enrollment and graduate coursetakers due to lower demand among the university's target segment of students, believed to be driven by heightened competition, the availability of lower cost degrees, perceptions of the value of a college degree and increased reluctance to take on debt. To improve performance, management continues to execute a turnaround and transformation plan at DeVry University which includes:

- Attracting the right students into strong programs;
- Reducing DeVry University's cost structure, while striving to maintain and even enhance our service to students;
- Regaining DeVry University's technology edge; and
- Developing and supporting the team to drive execution.

The plan starts with our programmatic focus. This means ensuring our programs are designed to best meet the needs of our students and employers and better communicating the programs' value propositions to the market. DeVry Group is also exploring methods to increase the flexibility of its programs to lower the overall cost of education to its students. This programmatic focus is designed to improve student outcomes.

Management is building teams to support the programmatic focus and increase decision-making speed. Management has narrowed its programmatic verticals to three: Business & Management, Engineering & Information Sciences; and Emerging Programs. Each vertical will have a focused team which will have responsibility for enrollment, market research, program features and quality, and successful student outcomes.

DeVry University's plan to stabilize enrollment includes pricing optimization. A key element of pricing optimization is the strategic use of scholarships to enhance the value proposition we provide our students. DeVry University scholarships have two objectives: attracting new students and improving student persistence. Management was disappointed in the performance of the Career Catalyst Scholarship in the September 2014 session and is adjusting its scholarship strategy. An example of this scholarship initiative is DeVry University's new degree-completer scholarship which will be offered to students who have prior college credits but no degree. Management believes DeVry University's focused degree-completer programs along with a pricing strategy that meets their needs will help these students pursue their goals of finishing their education.

Tuition rates for fiscal year 2015 at DeVry University remain unchanged from those of fiscal year 2014. Further, management implemented the DeVry University Fixed Tuition Promise. This is a guarantee to each DeVry University student that his or her tuition rate will not increase as long as he or she is a continuing student. Also, beginning in July 2014, the number of credit hours a student must take per session to receive the full-time rate is increased from 7 hours to 8.

Management is also finding ways to be more effective in marketing and recruiting efforts to reduce the total cost per new student. DeVry University's marketing strategy is shifting toward more digital and social channels and its website.

In aligning the cost structure, management is focused on increasing efficiencies. Over the past year DeVry University has reduced costs through staffing adjustments; managing open positions; consolidating locations; optimizing course scheduling to better utilize classrooms; and lowering course materials costs. Management made the decision to close or consolidate certain DeVry University campuses while balancing the potential impact on enrollment and student satisfaction. In the first quarter of fiscal year 2015, DeVry University announced 9 location consolidations which are pending regulatory approval. This is in addition to the 5 locations that were closed and 19 locations that were consolidated in fiscal year 2014. There are plans for additional consolidations in the remainder of fiscal year 2015.

Management believes its planned operational strategies will stabilize the negative enrollment trends over the next several years. Cost reduction initiatives since fiscal year 2012 have reduced operating expenses and shifted costs to a more variable model. However, if operating improvements are not realized, all or some of the goodwill could be impaired in the future. The impairment review completed in the fourth quarter of fiscal year 2014 indicated the fair value exceeded the carrying value of the DeVry University reporting unit by 24%. Due to the effects of continually declining enrollment, this excess margin has been rapidly declining in recent periods. A 10% decrease in the fiscal year 2015 projected operating income used in this analysis would result in no less than a 21% premium of fair value over carrying value. Should business conditions at DeVry University deteriorate to the point where the carrying value of this reporting unit exceeds its fair value, then goodwill and intangible assets could be impaired. This could require a write-off of up to \$23.8 million.

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

At September 30, 2014, intangible assets from business combinations totaled \$288.6 million, and goodwill totaled \$514.2 million. Together, these assets equaled approximately 38% of total assets as of such date, and any impairment could significantly affect future results of operations.

The table below summarizes goodwill balances by reporting unit as of September 30, 2014 (dollars in thousands):

Reporting Unit	As of September 30, 2014
American University of the Caribbean	\$ 68,321
Ross University School of Medicine and Ross University School of Veterinary Medicine	237,173
Chamberlain College of Nursing	4,716
Carrington College	98,784
DeVry Brasil	50,082

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Becker Professional Education	32,948
DeVry University	22,196
Total	\$ 514,220

The table below summarizes goodwill balances by reporting segment as of September 30, 2014 (dollars in thousands):

Reporting Segment:	As of September 30, 2014
Medical and Healthcare	\$ 408,994
Business, Technology and Management	22,196
International and Professional Education	83,030
Total	\$ 514,220

The table below summarizes the changes in the carrying amount of goodwill, by segment as of September 30, 2014 (dollars in thousands):

	Medical and Healthcare	Business, Technology and Management	International and Professional Education	Total
Balance at June 30, 2012	\$ 462,088	\$ 22,196	\$ 65,677	\$549,961
Acquisitions	-	-	16,120	16,120
Impairments	(53,094)	-	-	(53,094)
Foreign currency exchange rate changes			(4,050)	(4,050)
Balance at June 30, 2013	\$ 408,994	\$ 22,196	\$ 77,747	\$508,937
Acquisitions	-	-	9,675	9,675
Foreign currency exchange rate changes	-	-	1,267	1,267
Balance at June 30, 2014	\$ 408,994	\$ 22,196	\$ 88,689	\$519,879
Foreign currency exchange rate changes	-	-	(5,659)	(5,659)
Balance at September 30, 2014	\$ 408,994	\$ 22,196	\$ 83,030	\$514,220

The decrease in the goodwill balance from June 30, 2014 in the International and Professional Education segment is the result of changes in the value of the Brazilian Real and British Pound Sterling as compared to the U.S. dollar. Since DeVry Brasil and Becker Europe goodwill is recorded in each group's respective local currency, fluctuations in the respective local currency's value in relation to the U.S. dollar will cause changes in the balance of this asset.

The table below summarizes the indefinite-lived intangible asset balances by reporting segment as of September 30, 2014 (dollars in thousands):

Reporting Segment	As of September 30, 2014
Medical and Healthcare	\$ 204,700
International and Professional Educational	73,777
Business, Technology and Management	1,645
Total	\$ 280,122

Total indefinite-lived intangible assets decreased by \$5.2 million from June 30, 2014. The decrease is the result of changes in the value of the Brazilian Real as compared to the U.S. dollar. Since DeVry Brasil intangible assets are recorded in the local Brazilian currency, fluctuations in the value of the Brazilian Real in relation to the U.S. dollar will cause changes in the balance of these assets.

NOTE 10: RESTRUCTURING CHARGES

In the first quarter of fiscal year 2015, DeVry University implemented a Voluntary Separation Plan (“VSP”) and a reduction in force (“RIF”). These actions reduced DeVry University’s workforce by 114 total positions and resulted in pre-tax charges of \$12.2 million that represented severance pay and benefits for these employees. DeVry Group also recorded pre-tax charges related to real estate consolidations of \$1.1 million. These restructuring costs were allocated to the segments as follows: \$0.7 million to Medical and Healthcare and \$12.6 million to Business Technology and Management.

During the first quarter of fiscal year 2014, DeVry Group implemented a VSP that reduced its workforce by 66 positions across DeVry University and DeVry Group Home Office. This resulted in a pre-tax charge of \$10.4 million in the quarter that represented severance pay and benefits for these employees. In addition, charges related to real estate consolidation of \$1.3 million were recorded in the first quarter of fiscal year 2014. These restructuring costs were allocated to the segments as follows: \$8.0 million to Business Technology and Management, \$0.7 million to Medical and Healthcare, \$3.0 million to DeVry Group Home Office which is classified as “Home Office and Other” in “Note 14 - Segment Information”.

During fiscal year 2014, DeVry Group implemented a VSP and a RIF that reduced its workforce by approximately 270 positions primarily at DeVry University and the DeVry Group home office. This resulted in a pre-tax charge of \$14.0 million in fiscal year 2014 that represented severance pay and benefits for these employees. In addition, charges related to real estate consolidation of \$18.7 million were recorded during fiscal year 2014. These restructuring costs were allocated to the following DeVry Group segments: \$7.9 million to Medical and Healthcare; \$0.2 million to International and Professional Education; \$21.7 million to Business, Technology and Management; and \$2.9 million to the DeVry Group home office, which is classified as “Home Office and Other” in “Note 14 - Segment Information”.

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

Liability balance at June 30, 2013	\$13.2
Increase in liability (separation and other charges)	30.0
Reduction in liability (payments and adjustments)	(21.9)
Liability balance at June 30, 2014	21.3
Increase in liability (separation and other charges)	13.1
Reduction in liability (payments and adjustments)	(6.3)
Liability balance at September 30, 2014	\$28.1

The remaining liability balances as of September 30, 2014 primarily represent rent accruals and costs for employees that have either not yet separated from DeVry Group or their full severance has not yet been paid. All of these remaining costs are expected to be paid over the next 12 months.

NOTE 11: INCOME TAXES

Taxes on income from continuing operations were 17.1% for the first quarter of fiscal year 2015, compared to 17.3% for the first quarter of fiscal year 2014. DeVry Group's effective income tax rate reflects benefits derived from significant operations outside the United States. Earnings of these international operations are not subject to U.S. federal or state income taxes, so long as such earnings are not repatriated, as discussed below. Four of DeVry Group's operating units, AUC, which operates in St. Maarten, RUSM, which operates in the Commonwealth of Dominica, RUSVM, which operates in the Federation of St. Christopher, Nevis, St. Kitts in the West Indies, and DeVry Brasil which operates in Brazil all benefit from local tax incentives. AUC's effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. Both of these agreements have been extended to provide, in the case of RUSM, an indefinite period of exemption and, in the case of RUSVM, exemption until 2037. DeVry Brasil's effective tax rate reflects benefits derived from its participation in PROUNI, a Brazilian program for providing scholarships to a portion of its undergraduate students.

DeVry Group has not recorded a U.S. federal or state tax provision for the undistributed earnings of its international subsidiaries. It is DeVry Group's intention to indefinitely reinvest accumulated cash balances, future cash flows and post-acquisition undistributed earnings and profits to improve the facilities and operations of its international schools and pursue future opportunities outside the United States. In accordance with this plan, cash held by the international subsidiaries will not be available for general company purposes and under current laws will not be subject to U.S. taxation. As of September 30, 2014 and 2013, cumulative undistributed earnings attributable to international operations were approximately \$670 million and \$543 million, respectively.

As of September 30, 2014 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 \$8.2 million. As of September 30, 2013, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of benefits, was \$9.2 million and, if recognized, the total amount would impact the effective tax rate.

We expect that our unrecognized tax benefits will decrease substantially during fiscal year 2015 due to the settlement of various audits and the lapsing of statutes of limitation. We estimate this decrease to be between \$4.0 million and \$6.0 million. DeVry Group classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The total amount of interest and penalties accrued as of June 30, 2014 was \$1.4 million. The corresponding amount at September 30, 2014 was \$1.5 million.

NOTE 12: DEBT

DeVry Group had no outstanding borrowings under its credit facility at September 30, 2014 and September 30, 2013. DeVry Group does have liabilities recorded for deferred purchase price agreements with sellers related to the purchases of FBV, Facid and Joao Pessoa (see "Note 8 - Business Combinations" for discussion of the Facid acquisition). This financing is in the form of hold backs of a portion of the purchase price of these acquisitions or installment payments. Payments are made under these agreements based on payment schedules or as various conditions of the purchase are met.

Revolving Credit Facility

DeVry Group maintains a revolving credit facility which expires on May 10, 2016. The facility provides aggregate commitments including borrowings and letters of credit up to \$400 million and at the request of DeVry Group, the maximum borrowings and letters of credit can be increased to \$550 million with bank approval. There are no required principal payments under this revolving credit agreement and all borrowings and letters of credit mature in May 2016. As a result of the agreement extending beyond one year, any borrowings would be classified as long-term with the exception of amounts expected to be repaid in the 12 months subsequent to the balance sheet date. DeVry Group letters of credit outstanding under this agreement were \$7.8 million as of September 30, 2014, and were \$13.2 million as of September 30, 2013. As of September 30, 2014, if there were outstanding borrowings under this agreement they would bear interest, payable quarterly or upon expiration of the interest rate period, at prime rate plus 0.75% or at LIBOR plus 1.75%, at the option of DeVry Group. As of September 30, 2014, DeVry Group is charged an annual fee equal to 0.125% of the undrawn face amount of the outstanding letters of credit under the agreement, payable quarterly. The agreement also requires payment of a commitment fee equal to 0.2% of the undrawn portion of the credit facility as of September 30, 2014. The interest rate, letter of credit fees and commitment fees are adjustable quarterly, based upon DeVry Group's achievement of certain financial ratios. Interest rate margins can be raised as high as 1.5% on prime rate loans and 2.5% on LIBOR rate loans.

The revolving credit agreement contains covenants that, among other things, require maintenance of certain financial ratios, as defined in the agreement. Maintenance of these financial ratios could place restrictions on DeVry Group's ability pay dividends. These financial ratios include a consolidated fixed charge coverage ratio, a consolidated leverage ratio and a composite Equity, Primary Reserve and Net Income Department of Education financial responsibility ratio. Failure to maintain any of these ratios or to comply with other covenants contained in the agreement will constitute an event of default and could result in termination of the agreement and require payment of all outstanding borrowings and letters of credit. DeVry Group was in compliance with the debt covenants as of September 30, 2014.

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

NOTE 13: COMMITMENTS AND CONTINGENCIES

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

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

On January 28, 2014, DeVry Group received a CID for information from the Federal Trade Commission ("FTC") relating to the advertising, marketing, or sale of secondary or postsecondary educational products or services, or educational accreditation products or services. The stated nature and scope of the CID was to determine whether unnamed persons and/or entities have violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended and, if so, whether further FTC action would be in the public interest. Since receiving the CID, DeVry Group has negotiated its scope with the FTC and has produced, and continues to produce, responsive information. The timing or outcome of this matter, or its possible impact on DeVry Group's business, financial condition or results of operations, cannot be predicted at this time.

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

NOTE 14: SEGMENT INFORMATION

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

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

Following is a tabulation of business segment information based on the segmentation for the three months ended September 30, 2014 and 2013. Home office information is included where it is needed to reconcile segment data to the consolidated financial statements (dollars in thousands).

	For the Three Months Ended	
	September 30, 2014	2013
Revenue:		
Medical and Healthcare	\$ 206,012	\$ 175,856
International and Professional Education	53,203	43,721
Business, Technology and Management	203,641	232,309
Intersegment Revenue and Other	(812	) (973
Total Consolidated Revenue	\$ 462,044	\$ 450,913
Operating Income:		
Medical and Healthcare	37,643	24,575
International and Professional Education	4,738	372
Business, Technology and Management	\$ (12,468	) \$ (11,061
Home Office and Other	(5,270	) (3,615
Total Consolidated Operating Income	\$ 24,643	\$ 10,271
Interest Income (Expense):		
Interest Income	\$ 397	\$ 583
Interest Expense	(393	) (1,000
Net Interest and Other Income (Expense)	4	(417
Total Consolidated Income from Continuing Operations Before Income Taxes	\$ 24,647	\$ 9,854
Segment Assets:		
Medical and Healthcare	\$ 1,228,521	\$ 1,087,590
International and Professional Education	311,212	276,391
Business, Technology and Management	432,939	484,630
Home Office and Other	161,955	171,634
Assets of Divested Business	-	6,562
Total Consolidated Assets	\$ 2,134,627	