Excerpts, selected by the HELP Committee, from a larger document produced by the company



Pricing In Higher Education Developing Full Potential Where Success Stories Begin. 576

Discussion of Potential Recommendations

September 5, 2008

Consultant

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For Discussion Today:

Potential Changes to Price Level and Structure

Price Level Pricing Strategies **Price Structure**

- A compelling argument exists for implementing more aggressive price increases in the next five years
- The current range among competitors is wide
- Higher priced players do not appear to have slower enrollment growth
- Macroeconomic analysis demonstrates only moderate levels of price elasticity
- Based on this evidence, we'd like to discuss the opportunity to raise prices at above market rates and reduce the gap versus ITT

Gradual implementation with careful monitoring

should mitigate risk

- The conjoint survey and focus groups demonstrate that different student segments have different preferences for how to structure and finance their tuition
- These segments are more alike than they are different on other measureable characteristics and are difficult to identify
- Therefore, we'd like to discuss implementing choice in pricing packages, offering students two distinct ways to structure their tuition and financing

At the end of today's meeting, we'd also like to agree on the goals for the final meeting on 9/26

discrimination by geography, program or online/onsite; corporate and military discounts; implementation considerations) We will <u>not</u> cover today other pieces of analysis that are in process for the 26th (financial impact of changes; price

Focus Groups Indicate That ITT Students Are Not Unhappy

About High Prices and Do Not Even Perceive ITT as High Priced

Proposition

ITT's Value

Redacted by HELP Committee

Perceptions of DeVry

Price is least important attribute (of 6 proposed) in determining a school

Students value all-in pricing and would not trade it in for discounts on tuition

Price Perceptions

Students think of price per class (\$2,000/class) and per quarter (\$5,000/quarter)

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Current Strategic Plan Assumes

Price Increase, Which Will

Increase the Gap With ITT

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Raising prices

Source: DeVry Internal Data; ITT SEC Filings

Note: DeVry cost per credit hour calculated as follows: (competitor cost per credit hour x competitor credit hour requirement)/(DeVry credit hour requirement); ITT costs include the cost of textbooks

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per year would close the gap with ITT halfway by FY13

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Four Distinct Student Segments Were Identified in the Conjoint

Survey, Each With Different Pricing Preferences

Group A (24%)

I want the lowest total tuition

I hate private loans

Group B (30%)

I hate out-of-pocket and I want a refund

Group C (13%)

Group D (32%)

I hate out-of-pocket and I want books paid for

- for school
- expenses Still prefer minimal out-of-pocket

Still prefer minimal

lowest total tuition packages with the

financial aid Tend to prefer

expenses out-of-pocket

- student loans to pay Averse to taking out
- Highly value refund checks
- out-of-pocket Strongest aversion to expenses

of-pocket expenses Prefer minimal out-

packages which include books and Value tuition

characteristics and differ primarily on their preferences for how tuition should be structured These groups are more alike than they are different: they share similar demographic

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Choice Between Two Different Pricing Plans Would Allow DeVry

to Meet the Different Preferences of Various Segments

Group A (24%)

Group B (30%)

I hate out-of-pocket

I want a refund

I want books paid for

I hate out-of-pocket

Group D (32%)

Group C (13%)

I want the lowest total tuition

I hate private loans

- Most transparency in pricing
- Minimize "extras"

- Emphasize simplicity
- Provide support and financial discipline for students who value it





plus "rollover" credits Traditional model

- Traditional price per credit hour pricing
- Students earn "DeVry credits" that can be redeemed in future semesters
- tuture credits they earn The more credits that they take, the more
- Potentially require minimum credit load to redeem credits

Degree-Based Tuition

- Fixed cost per semester for duration of study (with time limit for completion)
- Subscription-based (with different levels for both part-time and full-time)
- Guaranteed access to private loans up to the Cost of Attendance
- All fees included