



News Release

APOLLO GROUP, INC. REPORTS FISCAL 2002 FIRST QUARTER RESULTS

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Phoenix, Arizona, December 18, 2001 -- Apollo Group, Inc. today reported financial results for Apollo Education Group (Nasdaq:APOL) and University of Phoenix Online (Nasdaq:UOPX) for the first quarter of fiscal 2002 ended November 30, 2001.

Net income attributed to Apollo Education Group for the three months ended November 30, 2001 was \$31.7 million, or \$.27 per diluted share, compared to \$24.4 million, or \$.21 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the three months ended November 30, 2001, was \$1.3 million, or \$.12 per diluted share, compared to \$0.4 million or \$.04 per diluted share, reported for the same period last year.

Todd S. Nelson, President and CEO, said, "We are pleased with our strong performance during the first quarter of fiscal 2002. During the first quarter, the University of Phoenix opened a new campus in Boise, Idaho and two new learning centers; Cypress Creek in Ft. Lauderdale, FL and Executive Towers in Colorado Springs, CO. Additionally, the Institute for Professional Development entered into a new contract with Hope International University in Fullerton, CA."

Mr. Nelson continued, "We are also pleased that the Apollo Group has been added to the Nasdaq-100 Index®, which was effective at the beginning of trading on December 17, 2001."

Total consolidated revenues for Apollo Group, Inc. for the three months ended November 30, 2001 rose 28.9% to \$228.2 million, compared with \$177.1 million in the first quarter of fiscal 2001. The University of Phoenix accounted for 93.1% of the \$215.6 million in net tuition revenues from students enrolled in degree programs for the quarter ended November 30, 2001. Total revenues for University of Phoenix Online for the three months ended November 30, 2001 rose 88.8% to \$64.3 million, compared with \$34.1 million in the first quarter of fiscal 2001.

Consolidated net income for Apollo Group, Inc. for the three months ended November 30, 2001 increased 32.7% to \$33.0 million, compared to \$24.8 million for the same period last year. Net income for University of Phoenix Online for the three months ended November 30, 2001 increased 96.3% to \$10.9 million, compared to \$5.6 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at November 30, 2001 increased by 23.7% to 129,200 students compared to 104,400 students at November 30, 2000. Degree enrollments at The University of Phoenix (excluding University of Phoenix Online) were 74,200 students at November 30, 2001 compared to 65,500 students at November 30, 2000 representing a 13.3% increase. Degree enrollments for University of Phoenix Online at November 30, 2001 increased by 81.7% to 33,700 students compared to 18,500 students at November 30, 2000.

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Business Outlook

Apollo Group, Inc.

- We expect revenue for the quarter ending February 28, 2002 to be between \$211 million and \$213 million and to be between \$963 million and \$966 million for fiscal 2002.
- Operating margin is expected to be between 15.0% and 15.5% for the quarter ended February 28, 2002 and to be between 21.0% and 21.5% for fiscal 2002.

University of Phoenix Online

- We expect revenue for the quarter ending February 28, 2002 to be between \$62 million and \$63 million and to be between \$291 million and \$292 million for fiscal 2002.
- Operating margin is expected to be between 23.0% and 23.5% for the quarter ended February 28, 2002 and to be between 26.5% and 27.0% for fiscal 2002.

Diluted earnings per share attributed to Apollo Education Group are expected to be \$0.18 for the quarter ending February 28, 2002 and to be \$1.10 for fiscal 2002. Diluted earnings per share attributed to University of Phoenix Online are expected to be \$0.10 for the quarter ending February 28, 2002 and to be \$0.52 for fiscal 2002.

Based on the lead flow, we expect degree enrollments at The University of Phoenix (excluding University of Phoenix Online) to continue to grow between 12% and 14% over the prior year at the end of the second quarter of fiscal 2002. We expect University of Phoenix Online degree enrollments to continue to grow in excess of 50% over the prior year at the end of the second quarter of fiscal 2002.

Apollo Group, Inc. has been providing higher education programs to working adults for over 25 years. Apollo Group, Inc., operates through its subsidiaries The University of Phoenix, Inc., Institute for Professional Development, The College for Financial Planning Institutes Corporation, and Western International University, Inc. The consolidated enrollment in its educational programs makes it the largest private institution of higher education in the United States. It offers educational programs and services at 60 campuses and 104 learning centers in 37 states, Puerto Rico and Vancouver, British Columbia. Combined degree enrollment was 129,200 students as of November 30, 2001.

For more information about Apollo Group, Inc. and its subsidiaries, call (800) 990-APOL or visit Apollo on the World Wide Web at <http://www.apollogrp.edu>.

This press release includes statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Apollo Group, Inc. claims the protection of the safe-harbor for forward-looking statements contained in the Reform Act. These forward-looking statements are often characterized by the terms “may,” “believes,” “projects,” “expects,” or “anticipates,” and do not reflect historical facts. Specific forward-looking statements contained in this press release relate, among other matters, to the business outlook of Apollo Group, Inc.

Forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of Apollo Group, Inc. to be materially different from those expressed or implied by such forward-looking statements. Factors that could affect Apollo Group, Inc.’s results and cause them to materially differ from those contained in the forward-looking statements include:

- the failure to maintain or renew required regulatory approvals, accreditation or state authorizations;
- the failure to obtain authorizations from states in which University of Phoenix does not currently provide degree programs;
- the failure to obtain the Higher Learning Commission’s approval for University of Phoenix to operate in new states;
- any adverse changes in student enrollment;
- risk factors and cautionary statements made in Apollo Group, Inc.’s Annual Report on Form 10-K for the period ended August 31, 2001; and

- other factors that Apollo Group is currently unable to identify or quantify, but may arise or become known in the future.

These forward-looking statements are based on estimates, projections, beliefs, and assumptions of us and our management and speak only as of the date made and are not guarantees of future performance. We undertake no obligation to publicly update or revise any forward-looking statements, or any facts, events or circumstances after the date hereof that may bear upon forward-looking statements. You are advised, however, to consult any further disclosures we make in our reports filed with the Securities and Exchange Commission.

-Table to Follow-

APOLLO GROUP, INC. AND SUBSIDIARIES
DEGREE ENROLLMENTS

	November 30,	
	2001	2000
University of Phoenix:		
Campuses established prior to November 1996	92,472	73,447
Campuses established after November 1996	<u>15,370</u>	<u>10,532</u>
Total University of Phoenix	<u>107,842</u>	<u>83,979</u>
Institute for Professional Development	19,678	18,906
Western International University	1,456	1,382
College for Financial Planning	<u>236</u>	<u>156</u>
Total Degree Enrollment	<u><u>129,212</u></u>	<u><u>104,423</u></u>

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**UNIVERSITY OF PHOENIX ONLINE
SELECTED FINANCIAL DATA**

(in thousands)

	For the Three Months Ended	
	November 30,	
	2001	2000
Revenues:		
Tuition and other, net	\$ 64,340	\$ 34,087
Costs and expenses:		
Instructional costs and services	27,548	15,646
Selling and promotional	15,640	7,602
General and administrative	3,831	2,099
	47,019	25,347
Income from operations	17,321	8,740
Interest income, net	850	694
Income before income taxes	18,171	9,434
Provision for income taxes	7,223	3,858
Net income	\$ 10,948	\$ 5,576

This press release includes statements which may constitute forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. This information may involve risk and uncertainties that could cause actual results to differ materially from the forward-looking statements.