



News Release

APOLLO GROUP, INC. REPORTS REVENUES AND EARNINGS FOR SECOND QUARTER FISCAL 2001

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Phoenix, Arizona, March 27, 2001 -- Apollo Group, Inc. today reported financial results for Apollo Education Group (Nasdaq:APOL) and University of Phoenix Online (Nasdaq:UOPX) for the second quarter of fiscal 2001 ended February 28, 2001.

Net income attributed to Apollo Education Group for the three months ended February 28, 2001 was \$15.7 million, or \$.14 per share, compared to \$11.9 million, or \$.10 per share, reported for the same period last year. Net income attributed to University of Phoenix Online was \$654,000, or \$.10 per share for the three months ended February 28, 2001.

Net income attributed to Apollo Education Group for the six months ended February 28, 2001 was \$40.1 million, or \$.35 per share, compared to \$28.7 million, or \$.25 per share, reported for the same period last year. Net income attributed to University of Phoenix Online was \$1.0 million, or \$.16 per share for the six months ended February 28, 2001.

“We are pleased that both our online and core businesses again exceeded our expectations this quarter resulting in another strong financial and enrollment performance for Apollo Education Group and University of Phoenix Online,” said Dr. John G. Sperling, chairman and CEO. “In today’s business and economic environment, as knowledge becomes increasingly important, people are inclined to review their need for education and training. We plan to continue our focus on providing accessible, accredited programs for the educational needs of working adults.”

Total consolidated revenues for Apollo Group, Inc. for the three months ended February 28, 2001 rose 21.6% to \$163.0 million, compared with \$134.0 million in the second quarter of fiscal 2000. The University of Phoenix accounted for 92% of the \$149.8 million in net tuition revenues from students enrolled in degree programs for the quarter ended February 28, 2001. Total revenues for University of Phoenix Online for the three months ended February 28, 2001 rose 65.2% to \$36.1 million, compared with \$21.9 million in the second quarter of fiscal 2000.

Total consolidated revenues for Apollo Group, Inc. for the six months ended February 28, 2001 rose 22.6% to \$340.1 million, compared with \$277.4 million for the same period last year. The University of Phoenix accounted for 92% of the \$310.6 million in net tuition revenues from students enrolled in degree programs for the six months ended February 28, 2001. Total revenues for University of Phoenix

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Online for the six months ended February 28, 2001 rose 64.9% to \$70.2 million, compared with \$42.6 million for the same period last year.

Consolidated net income for Apollo Group, Inc. for the three months ended February 28, 2001 increased 37.2% to \$16.3 million, compared to \$11.9 million for the same period last year. Net income for University of Phoenix Online for the three months ended February 28, 2001 increased 75.2% to \$6.0 million, compared to \$3.4 million for the same period last year.

Consolidated net income for Apollo Group, Inc. for the six months ended February 28, 2001 increased 43.3% to \$41.2 million, compared to \$28.7 million for the same period last year. Net income for University of Phoenix Online for the six months ended February 28, 2001 increased 71.6% to \$11.6 million, compared to \$6.8 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at February 28, 2001 increased by 18% to 111,300 students compared to 94,000 students at February 29, 2000. Degree enrollments at the University of Phoenix were 89,900 students at February 28, 2001 compared to 74,400 students at February 29, 2000 representing a 21% increase. Degree enrollments for University of Phoenix Online at February 28, 2001 increased by 67% to 20,400 students compared to 12,200 students at February 29, 2000.

During the second quarter of fiscal year 2001, the University of Phoenix opened a new campus in Boston, Massachusetts. University of Phoenix anticipates opening campuses in the Dallas and Houston, Texas areas during the third quarter of fiscal 2001.

Business Outlook

Apollo Group, Inc.

- We expect revenue for the quarter ending May 31, 2001 to be between \$204 million and \$206 million and to be between \$752 million and \$754 million for fiscal 2001.
- Operating margin is expected to be between 20% and 20.5% for the quarter ended May 31, 2001 and to be between 19% and 19.5% for fiscal 2001.

University of Phoenix Online

- We expect revenue for the quarter ending May 31, 2001 to be between \$49 million and \$50 million and to be between \$171 million and \$172 million for fiscal 2001.
- Operating margin is expected to be between 16.5% and 17% for the quarter ended May 31, 2001 and to be between 20% and 21% for fiscal 2001.

Diluted earnings per share attributed to Apollo Education Group are expected to be \$0.23 for the quarter ending May 31, 2001 and to be between \$0.78 and \$0.79 for fiscal 2001. Diluted earnings per share attributed to University of Phoenix Online are expected to be \$0.08 for the quarter ending May 31, 2001 and to be between \$0.32 and \$0.33 for fiscal 2001.

Based on the increasing 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 both the third and fourth quarters of fiscal 2001. We expect University of Phoenix Online degree enrollments to continue to grow in excess of 50% over the prior year at the end of both the third and fourth quarters of fiscal 2001.

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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, Western International University, Inc. and Apollo Learning Group, 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 56 campuses and 101 learning centers in 35 states, Puerto Rico and Vancouver, British Columbia. Combined degree enrollment was 111,300 students as of February 28, 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. and the anticipated opening of more University of Phoenix campuses.

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 North Central Association of Colleges and Schools’ 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, 2000; 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.

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APOLLO GROUP, INC. AND SUBSIDIARIES
SELECTED FINANCIAL AND OPERATING DATA
(Dollars in thousands, except per share amounts)

	For the Three Months Ended		For the Six Months Ended	
	February 28 and 29,		February 28 and 29,	
	2001	2000	2001	2000
Revenues:				
Tuition and other, net	\$ 162,980	\$ 133,980	\$ 340,053	\$ 277,398
Costs and expenses:				
Instructional costs and services	94,237	81,849	189,472	164,583
Selling and promotional	32,991	22,293	63,999	44,852
General and administrative	11,723	10,828	23,709	22,324
	<u>138,951</u>	<u>114,970</u>	<u>277,180</u>	<u>231,759</u>
Income from operations	24,029	19,010	62,873	45,639
Interest income, net	3,661	1,279	6,829	2,596
Income before income taxes	27,690	20,289	69,702	48,235
Provision for income taxes	11,341	8,376	28,524	19,495
Net income	<u>\$ 16,349</u>	<u>\$ 11,913</u>	<u>\$ 41,178</u>	<u>\$ 28,740</u>
Net income attributed to:				
Apollo Education Group Common Stock	<u>\$ 15,695</u>	<u>\$ 11,913</u>	<u>\$ 40,134</u>	<u>\$ 28,740</u>
University of Phoenix Online Common Stock	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 1,044</u>	<u>\$ -</u>
Earnings per share attributed to:				
Apollo Education Group Common Stock:				
Diluted net income per share	<u>\$ 0.14</u>	<u>\$ 0.10</u>	<u>\$ 0.35</u>	<u>\$ 0.25</u>
Diluted weighted average shares outstanding	<u>116,008</u>	<u>114,778</u>	<u>115,608</u>	<u>115,512</u>
University of Phoenix Online Common Stock				
Diluted net income per share	<u>\$ 0.10</u>		<u>\$ 0.16</u>	
Diluted weighted average shares outstanding	<u>6,769</u>		<u>6,624</u>	
At February 28 and 29,				
	2001	2000		
OPERATING DATA				
Students enrolled in degree programs	111,303	94,046		
Number of locations:				
Campuses	56	52		
Learning Centers	101	89		
	<u>157</u>	<u>141</u>		

APOLLO GROUP, INC. AND SUBSIDIARIES
DEGREE ENROLLMENTS

	Quarter Ended	
	February 28 and 29,	
	2001	2000
University of Phoenix:		
Campuses established prior to February 1996	76,492	64,689
Campuses established after February 1996	<u>13,386</u>	<u>9,732</u>
Total University of Phoenix	<u>89,878</u>	<u>74,421</u>
Institute for Professional Development	19,669	17,803
Western International University	1,574	1,501
College for Financial Planning	<u>182</u>	<u>321</u>
Total Degree Enrollment	<u>111,303</u>	<u>94,046</u>

UNIVERSITY OF PHOENIX ONLINE
SELECTED FINANCIAL DATA
(in thousands)

	For the Three Months Ended		For the Six Months Ended	
	February 28 and 29,		February 28 and 29,	
	2001	2000	2001	2000
Revenues:				
Tuition and other, net	\$ 36,125	\$ 21,868	\$ 70,212	\$ 42,585
Costs and expenses:				
Instructional costs and services	15,687	11,269	31,333	21,811
Selling and promotional	8,719	3,220	16,321	6,306
General and administrative	2,574	1,585	4,673	3,088
	<u>26,980</u>	<u>16,074</u>	<u>52,327</u>	<u>31,205</u>
Income from operations	9,145	5,794	17,885	11,380
Interest income, net	1,010	-	1,704	-
Income before income taxes	10,155	5,794	19,589	11,380
Provision for income taxes	4,115	2,346	7,973	4,610
Net income	<u>\$ 6,040</u>	<u>\$ 3,448</u>	<u>\$ 11,616</u>	<u>\$ 6,770</u>

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.