



News Release

APOLLO GROUP, INC. REPORTS FISCAL 2002 SECOND QUARTER RESULTS

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Phoenix, Arizona, March 26, 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 2002 ended February 28, 2002.

Net income attributed to Apollo Education Group for the three months ended February 28, 2002 was \$26.6 million, or \$.23 per diluted share, compared to \$15.7 million, or \$.14 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the three months ended February 28, 2002, was \$1.5 million, or \$.14 per diluted share, compared to \$0.7 million or \$.06 per diluted share, reported for the same period last year.

Net income attributed to Apollo Education Group for the six months ended February 28, 2002 was \$58.2 million, or \$.50 per diluted share, compared to \$40.1 million, or \$.35 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the six months ended February 28, 2002, was \$2.8 million, or \$.26 per diluted share, compared to \$1.0 million or \$.10 per diluted share, reported for the same period last year.

Todd S. Nelson, President and CEO, said, "We are pleased to report this outstanding quarter. Both our on-ground and online results for University of Phoenix exceeded our expectations. During the second quarter, the University of Phoenix opened two new campuses in Atlanta, GA and Kansas City, MO; and four new learning centers in Maitland, FL; Norman, OK; Kapolei, HI and Kaneohe, HI. The Institute for Professional Development opened two learning centers in Rochester, NY and Dublin, OH. Western International University opened a new learning center in Scottsdale, AZ."

Total consolidated revenues for Apollo Group, Inc. for the three months ended February 28, 2002 rose 36.6% to \$222.6 million, compared with \$163.0 million in the second quarter of fiscal 2001. The University of Phoenix accounted for 93.7% of the \$210.7 million in net tuition revenues from students enrolled in degree programs for the quarter ended February 28, 2002. Total revenues for University of Phoenix Online for the three months ended February 28, 2002 rose 99.7% to \$72.2 million, compared with \$36.1 million in the second quarter of fiscal 2001.

Total consolidated revenues for Apollo Group, Inc. for the six months ended February 28, 2002 rose 32.6% to \$450.8 million, compared with \$340.1 million for the same period last year. The University of Phoenix accounted for 93.4% of the \$426.3 million in net tuition revenues from students enrolled in degree programs for the six months ended February 28, 2002. Total revenues for University of Phoenix Online for the six months ended February 28, 2002 rose 94.4% to \$136.5 million, compared with \$70.2 million for the same period last year.

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Consolidated net income for Apollo Group, Inc. for the three months ended February 28, 2002 increased 71.8% to \$28.1 million, compared to \$16.3 million for the same period last year. Net income for University of Phoenix Online for the three months ended February 28, 2002 increased 110.5% to \$12.7 million, compared to \$6.0 million for the same period last year.

Consolidated net income for Apollo Group, Inc. for the six months ended February 28, 2002 increased 48.3% to \$61.1 million, compared to \$41.2 million for the same period last year. Net income for University of Phoenix Online for the six months ended February 28, 2002 increased 103.7% to \$23.7 million, compared to \$11.6 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at February 28, 2002 increased by 25.1% to 139,300 students compared to 111,300 students at February 28, 2001. Degree enrollments at The University of Phoenix (excluding University of Phoenix Online) were 78,700 students at February 28, 2002 compared to 69,400 students at February 28, 2001 representing a 13.4% increase. Degree enrollments for University of Phoenix Online at February 28, 2002 increased by 83.8% to 37,600 students compared to 20,400 students at February 28, 2001.

Business Outlook

Apollo Group, Inc.

- We expect revenue for the quarter ending May 31, 2002 to be between \$264 million and \$266 million and to be between \$986 million and \$988 million for fiscal 2002.
- Operating margin is expected to be between 25.5% and 26.0% for the quarter ended May 31, 2002 and to be between 23.0% and 23.5% for fiscal 2002.

University of Phoenix Online

- We expect revenue for the quarter ending May 31, 2002 to be between \$84 million and \$85 million and to be between \$311 million and \$312 million for fiscal 2002.
- Operating margin is expected to be between 31.0% and 31.5% for the quarter ended May 31, 2002 and to be between 28.5% and 29.0% for fiscal 2002.

Diluted earnings per share attributed to Apollo Education Group are expected to be \$0.35 for the quarter ending May 31, 2002 and to be \$1.17 fiscal 2002. Diluted earnings per share attributed to University of Phoenix Online are expected to be \$0.17 for the quarter ending May 31, 2002 and to be \$0.59 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 third 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 third 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 62 campuses and 110 learning centers in 37 states, Puerto Rico and Vancouver, British Columbia. Combined degree enrollment was 139,300 students as of February 28, 2002.

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
SELECTED FINANCIAL AND OPERATING DATA
(Dollars in thousands, except per share amounts)

	For the Three Months Ended February 28,		For the Six Months Ended February 28,	
	2002	2001	2002	2001
	(Unaudited)			
Revenues:				
Tuition and other, net	\$ 222,618	\$ 162,980	\$ 450,797	\$ 340,053
Costs and expenses:				
Instructional costs and services	118,778	94,237	235,538	189,472
Selling and promotional	46,886	32,991	92,305	63,999
General and administrative	13,333	11,723	27,987	23,709
	178,997	138,951	355,830	277,180
Income from operations	43,621	24,029	94,967	62,873
Interest income, net	2,736	3,661	5,779	6,829
Income before income taxes	46,357	27,690	100,746	69,702
Provision for income taxes	18,264	11,341	39,694	28,524
Net income	\$ 28,093	\$ 16,349	\$ 61,052	\$ 41,178
Net income attributed to:				
Apollo Education Group Common Stock	\$ 26,562	\$ 15,695	\$ 58,230	\$ 40,134
University of Phoenix Online Common Stock	\$ 1,531	\$ 654	\$ 2,822	\$ 1,044
Earnings per share attributed to:				
Apollo Education Group Common Stock:				
Diluted net income per share	\$ 0.23	\$ 0.14	\$ 0.50	\$ 0.35
Diluted weighted average shares outstanding	116,950	116,008	116,777	115,608
University of Phoenix Online Common Stock:				
Diluted net income per share	\$ 0.14	\$ 0.06	\$ 0.26	\$ 0.10
Diluted weighted average shares outstanding	11,180	10,180	11,058	9,970

	At February 28,	
	2002	2001
OPERATING DATA		
Students enrolled in degree programs	139,300	111,300
Number of locations:		
Campuses	62	56
Learning Centers	110	101
	172	157

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APOLLO GROUP, INC. AND SUBSIDIARIES
DEGREE ENROLLMENTS

	February 28,	
	2002	2001
University of Phoenix:		
Campuses established prior to February 1997	98,749	78,050
Campuses established after February 1997	<u>17,551</u>	<u>11,828</u>
Total University of Phoenix	<u>116,300</u>	<u>89,878</u>
Institute for Professional Development	20,793	19,669
Western International University	1,718	1,574
College for Financial Planning	<u>439</u>	<u>182</u>
Total Degree Enrollment	<u><u>139,250</u></u>	<u><u>111,303</u></u>

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UNIVERSITY OF PHOENIX ONLINE
SELECTED FINANCIAL DATA

(in thousands)

	For the Three Months Ended		For the Six Months Ended	
	February 28,		February 28,	
	2002	2001	2002	2001
	(Unaudited)			
Revenues:				
Tuition and other, net	\$ 72,157	\$ 36,125	\$ 136,497	\$ 70,212
Costs and expenses:				
Instructional costs and services	30,570	15,687	58,118	31,333
Selling and promotional	16,991	8,719	32,631	16,321
General and administrative	4,206	2,574	8,037	4,673
	<u>51,767</u>	<u>26,980</u>	<u>98,786</u>	<u>52,327</u>
Income from operations	20,390	9,145	37,711	17,885
Interest income, net	711	1,010	1,561	1,704
Income before income taxes	21,101	10,155	39,272	19,589
Provision for income taxes	8,388	4,115	15,611	7,973
Net income	<u>\$ 12,713</u>	<u>\$ 6,040</u>	<u>\$ 23,661</u>	<u>\$ 11,616</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.