



# News Release

## APOLLO GROUP, INC. REPORTS FISCAL 2002

### THIRD QUARTER RESULTS

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Phoenix, Arizona, June 25, 2002 -- Apollo Group, Inc. today reported financial results for Apollo Education Group (Nasdaq:APOL) and University of Phoenix Online (Nasdaq:UOPX) for the third quarter of fiscal 2002 ended May 31, 2002.

Net income attributed to Apollo Education Group for the three months ended May 31, 2002 was \$48.4 million, or \$.27 per diluted share, compared to \$34.2 million, or \$.20 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the three months ended May 31, 2002, was \$2.4 million, or \$.16 per diluted share, compared to \$1.2 million or \$.09 per diluted share, reported for the same period last year.

Net income attributed to Apollo Education Group for the nine months ended May 31, 2002 was \$106.6 million, or \$.61 per diluted share, compared to \$74.4 million, or \$.43 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the nine months ended May 31, 2002, was \$5.3 million, or \$.35 per diluted share, compared to \$2.2 million or \$.16 per diluted share, reported for the same period last year.

Todd S. Nelson, President and CEO, said, "We are pleased to report another quarter with strong enrollment and earnings growth. In May, the Apollo Group was moved to the S&P 500 from the S&P MidCap 400. We are honored to be added to this index. During the third quarter, the University of Phoenix entered into the state of Illinois with a new campus in Schaumburg, Illinois."

Total consolidated revenues for Apollo Group, Inc. for the three months ended May 31, 2002 rose 29.0% to \$276.3 million, compared with \$214.3 million in the third quarter of fiscal 2001. The University of Phoenix accounted for 93.8% of the \$261.7 million in net tuition revenues from students enrolled in degree programs for the quarter ended May 31, 2002. Total revenues for University of Phoenix Online for the three months ended May 31, 2002 rose 68.4% to \$91.0 million, compared with \$54.1 million in the third quarter of fiscal 2001.

Total consolidated revenues for Apollo Group, Inc. for the nine months ended May 31, 2002 rose 31.2% to \$727.1 million, compared with \$554.4 million for the same period last year. The University of Phoenix accounted for 93.5% of the \$688.0 million in net tuition revenues from students enrolled in degree programs for the nine months ended May 31, 2002. Total revenues for University of Phoenix Online for the nine months ended May 31, 2002 rose 83.1% to \$227.5 million, compared with \$124.3 million for the same period last year.

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Consolidated net income for Apollo Group, Inc. for the three months ended May 31, 2002 increased 43.5% to \$50.8 million, compared to \$35.4 million for the same period last year. Net income for University of Phoenix Online for the three months ended May 31, 2002 increased 84.7% to \$19.7 million, compared to \$10.6 million for the same period last year.

Consolidated net income for Apollo Group, Inc. for the nine months ended May 31, 2002 increased 46.1% to \$111.9 million, compared to \$76.6 million for the same period last year. Net income for University of Phoenix Online for the nine months ended May 31, 2002 increased 94.6% to \$43.3 million, compared to \$22.3 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at May 31, 2002 increased by 26.8% to 148,100 students compared to 116,800 students at May 31, 2001. Degree enrollments at The University of Phoenix (excluding University of Phoenix Online) were 80,200 students at May 31, 2002 compared to 70,000 students at May 31, 2001 representing a 14.5% increase. Degree enrollments for University of Phoenix Online at May 31, 2002 increased by 76.0% to 45,200 students compared to 25,700 students at May 31, 2001.

## **Business Outlook**

### *Apollo Group, Inc.*

- We expect revenue for the quarter ending August 31, 2002 to be between \$273 million and \$275 million and to be approximately one billion dollars for fiscal 2002.
- Operating margin is expected to be between 23.0% and 23.5% for the quarter ended August 31, 2002 and to be between 23.5% and 24.0% for fiscal 2002.

### *University of Phoenix Online*

- We expect revenue for the quarter ending August 31, 2002 to be between \$92 million and \$93 million and to be between \$320 million and \$321 million for fiscal 2002.
- Operating margin is expected to be between 29.0% and 29.5% for the quarter ended August 31, 2002 and to be between 30.0% and 30.5% for fiscal 2002.

Diluted earnings per share attributed to Apollo Education Group are expected to be \$0.22 for the quarter ending August 31, 2002 and to be \$0.82 for fiscal 2002. Diluted earnings per share attributed to University of Phoenix Online are expected to be \$0.13 for the quarter ending August 31, 2002 and to be \$0.49 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 fourth 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 fourth 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 63 campuses and 109 learning centers in 37 states, Puerto Rico and Vancouver, British Columbia. Combined degree enrollment was 148,100 students as of May 31, 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 May 31,		For the Nine Months Ended May 31,	
	2002	2001	2002	2001
	(Unaudited)			
<b>Revenues:</b>				
Tuition and other, net	\$ 276,349	\$ 214,305	\$ 727,146	\$ 554,358
<b>Costs and expenses:</b>				
Instructional costs and services	129,764	107,871	365,302	297,343
Selling and promotional	50,546	40,127	142,851	104,126
General and administrative	15,260	13,600	43,247	37,309
	195,570	161,598	551,400	438,778
<b>Income from operations</b>	80,779	52,707	175,746	115,580
Interest income, net	3,068	3,755	8,847	10,584
<b>Income before income taxes</b>	83,847	56,462	184,593	126,164
Provision for income taxes	33,048	21,074	72,742	49,598
<b>Net income</b>	\$ 50,799	\$ 35,388	\$ 111,851	\$ 76,566
<b>Net income attributed to:</b>				
<b>Apollo Education Group common stock</b>	\$ 48,369	\$ 34,224	\$ 106,599	\$ 74,358
<b>University of Phoenix Online common stock</b>	\$ 2,430	\$ 1,164	\$ 5,252	\$ 2,208
<b>Earnings per share attributed to:</b>				
<b>Apollo Education Group Common Stock:</b>				
<b>Diluted net income per share</b>	\$ 0.27	\$ 0.20	\$ 0.61	\$ 0.43
<b>Diluted weighted average shares outstanding</b>	176,040	174,366	175,462	173,731
<b>University of Phoenix Online Common Stock:</b>				
<b>Diluted net income per share</b>	\$ 0.16	\$ 0.09	\$ 0.35	\$ 0.16
<b>Diluted weighted average shares outstanding</b>	15,291	13,586	14,928	13,391
	At May 31,			
	2002	2001		
<b>OPERATING DATA</b>				
Students enrolled in degree programs	148,111	116,806		
Number of locations:				
Campuses	63	58		
Learning Centers	109	102		
	172	160		

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**APOLLO GROUP, INC. AND SUBSIDIARIES**  
**DEGREE ENROLLMENTS**

	<b>May 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>University of Phoenix:</b>		
Campuses established prior to May 1997	106,888	83,285
Campuses established after May 1997	18,476	12,402
<b>Total University of Phoenix</b>	<b>125,364</b>	<b>95,687</b>
Institute for Professional Development	20,578	19,515
Western International University	1,668	1,423
College for Financial Planning	501	181
<b>Total Degree Enrollment</b>	<b>148,111</b>	<b>116,806</b>

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**UNIVERSITY OF PHOENIX ONLINE**  
**SELECTED FINANCIAL DATA**

(in thousands)

	For the Three Months Ended May 31,		For the Nine Months Ended May 31,	
	2002	2001	2002	2001
	(Unaudited)			
<b>Revenues:</b>				
Tuition and other, net	\$ 91,048	\$ 54,071	\$ 227,545	\$ 124,283
<b>Costs and expenses:</b>				
Instructional costs and services	35,348	20,783	93,466	52,116
Selling and promotional	19,133	13,449	51,764	29,770
General and administrative	4,675	3,200	12,712	7,873
	59,156	37,432	157,942	89,759
<b>Income from operations</b>	31,892	16,639	69,603	34,524
Interest income, net	752	1,008	2,313	2,712
<b>Income before income taxes</b>	32,644	17,647	71,916	37,236
Provision for income taxes	12,976	6,999	28,587	14,972
<b>Net income</b>	\$ 19,668	\$ 10,648	\$ 43,329	\$ 22,264

*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.*