



News Release

Department of Education Selects University of Phoenix to Participate in Distance Education Demonstration Program

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Phoenix, Arizona, June 27, 2001 -- Apollo Group, Inc., (Nasdaq: APOL and UOPX) announced today that its subsidiary, the University of Phoenix, has been selected to participate in the Department of Education's Distance Education Demonstration Program. Selection to participate in this program is an exciting opportunity for the University of Phoenix to demonstrate effective distance education delivery mechanisms and help the Department of Education develop more realistic and creative ways to administer Title IV student financial aid programs to distance learning students.

The Distance Education Demonstration Program was established to help the Department of Education determine how Title IV regulations should be changed to reflect today's technology environment. Congress authorized the program in 1998 in recognition of the rising acceptance and broad application of the use of technology for instructional purposes. The final set of ten new participants named to the program brings the total number of institutions in the program to 111. The institutions selected to participate in this important program are granted certain waivers, allowing them to experiment with new and innovative ways of delivering financial aid to distance education students. In return, the selected institutions work very closely with the Department of Education to provide feedback about best practices. The projects are expected to continue through the 2003-04 academic year when Congress is expected to consider comprehensive changes to the Higher Education Act.

The University of Phoenix is a recognized leader in the field of online computer mediated instruction and has been recognized for exemplary distance education practices by a variety of education policy leaders and associations. They began offering degree programs completely online in 1989, and celebrated the nation's first graduation ceremonies for online students in the summer of 1992.

Today the University of Phoenix online campus enrolls over 25,000 degree seeking adult students from all 50 states and 47 foreign countries.

Dr. Laura Palmer-Noone, President of the University of Phoenix, believes that the success of the online campus stems from a combination of factors. "Our tightly-knit online learning communities capitalize on the best features of the Internet – human interaction and flexibility. However, the real key to our success is our ability to closely monitor our efforts and use the information gained towards continuous improvement." She said, "We hope to use our 25 years of experience in learning outcomes assessment and academic quality management to contribute to the Department of Education's Distance Education Demonstration Program goals. This project is about bringing clarity to the regulations as well as making them applicable to the realities of 21st century learning."

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The University of Phoenix online campus utilizes the rigorous academic quality management techniques that have been in place since the University's founding in 1976. It has been gathering comparative research on the academic achievement of its online students against that of its campus students since the online programs began. Additionally, the University comprehensively measures and evaluates a variety of student success factors supporting distance education, including the successful and timely matriculation of students at a distance, and the retention habits of students interacting in a solely online environment.

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 58 campuses and 102 learning centers in 36 states, Puerto Rico, and Vancouver, British Columbia. Combined degree enrollment was 116,800 students as of May 31, 2001.

As of May 31, 2001, University of Phoenix Online enrolled 25,700 degree seeking students from the U.S. and around the world.

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>.

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