



# News Release

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

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Phoenix, Arizona, June 25, 2001 -- 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 2001 ended May 31, 2001.

Net income attributed to Apollo Education Group for the three months ended May 31, 2001 was \$34.2 million, or \$.29 per diluted share, compared to \$21.1 million, or \$.19 per share, reported for the same period last year. Net income attributed to University of Phoenix Online was \$1.2 million, or \$.17 per diluted share for the three months ended May 31, 2001.

Net income attributed to Apollo Education Group for the nine months ended May 31, 2001 was \$74.4 million, or \$.64 per diluted share, compared to \$49.9 million, or \$.43 per share, reported for the same period last year. Net income attributed to University of Phoenix Online was \$2.2 million, or \$.33 per diluted share for the nine months ended May 31, 2001.

Dr. John G. Sperling, Chairman of the Board and CEO, said, "We are pleased to report another strong quarter with earnings that significantly exceeded consensus expectations. We are also excited that the University of Phoenix has entered the state of Texas. During the third quarter of fiscal year 2001, the University of Phoenix opened a campus in Houston and a campus in Dallas. Both campuses began enrolling students in March and we are pleased with their success to date. The University also opened a new learning center in Timonium, Maryland, which brings the number of locations in Maryland to three."

Total consolidated revenues for Apollo Group, Inc. for the three months ended May 31, 2001 rose 27.9% to \$214.3 million, compared with \$167.6 million in the third quarter of fiscal 2000. The University of Phoenix accounted for 92% of the \$198.4 million in net tuition revenues from students enrolled in degree programs for the quarter ended May 31, 2001. Total revenues for University of Phoenix Online for the three months ended May 31, 2001 rose 90.6% to \$54.1 million, compared with \$28.4 million in the third quarter of fiscal 2000.

Total consolidated revenues for Apollo Group, Inc. for the nine months ended May 31, 2001 rose 24.6% to \$554.4 million, compared with \$445.0 million for the same period last year. The University of Phoenix accounted for 92% of the \$509.4 million in net tuition revenues from students enrolled in degree programs for the nine months ended May 31, 2001. Total revenues for University of Phoenix Online for the nine months ended May 31, 2001 rose 75.2% to \$124.3 million, compared with \$71.0 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, 2001 increased 67.4% to \$35.4 million, compared to \$21.1 million for the same period last year. Net income for University of Phoenix Online for the three months ended May 31, 2001 increased 127.7% to \$10.6 million, compared to \$4.7 million for the same period last year.

Consolidated net income for Apollo Group, Inc. for the nine months ended May 31, 2001 increased 53.5% to \$76.6 million, compared to \$49.9 million for the same period last year. Net income for University of Phoenix Online for the nine months ended May 31, 2001 increased 94.5% to \$22.3 million, compared to \$11.4 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at May 31, 2001 increased by 24% to 116,800 students compared to 94,300 students at May 31, 2000. Degree enrollments at The University of Phoenix (excluding University of Phoenix Online) were 70,000 students at May 31, 2001 compared to 61,300 students at May 31, 2000 representing a 14.2% increase. Degree enrollments for University of Phoenix Online at May 31, 2001 increased by 86% to 25,700 students compared to 13,800 students at May 31, 2000.

## **Business Outlook**

### *Apollo Group, Inc.*

- We expect revenue for the quarter ending August 31, 2001 to be between \$210 million and \$212 million and to be between \$764 million and \$766 million for fiscal 2001.
- Operating margin is expected to be between 20.0% and 20.5% for the quarter ended August 31, 2001 and to be between 20.0% and 20.5% for fiscal 2001.

### *University of Phoenix Online*

- We expect revenue for the quarter ending August 31, 2001 to be between \$55 million and \$56 million and to be between \$179 million and \$180 million for fiscal 2001.
- Operating margin is expected to be between 24.0% and 24.5% for the quarter ended August 31, 2001 and to be between 26.0% and 26.5% for fiscal 2001.

Diluted earnings per share attributed to Apollo Education Group are expected to be \$0.24 for the quarter ending August 31, 2001 and to be \$0.89 for fiscal 2001. Diluted earnings per share attributed to University of Phoenix Online are expected to be \$0.15 for the quarter ending August 31, 2001 and to be \$0.47 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 the fourth quarter 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 the fourth quarter of fiscal 2001.

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.

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.

*-Table to Follow-*

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

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Revenues:</b>				
Tuition and other, net	\$ 214,305	\$ 167,591	\$ 554,358	\$ 444,989
<b>Costs and expenses:</b>				
Instructional costs and services	107,871	97,499	297,343	262,082
Selling and promotional	40,127	23,695	104,126	68,547
General and administrative	13,600	11,828	37,309	34,152
	<u>161,598</u>	<u>133,022</u>	<u>438,778</u>	<u>364,781</u>
<b>Income from operations</b>	52,707	34,569	115,580	80,208
Interest income, net	3,755	1,590	10,584	4,186
<b>Income before income taxes</b>	56,462	36,159	126,164	84,394
Provision for income taxes	21,074	15,016	49,598	34,511
<b>Net income</b>	<u>\$ 35,388</u>	<u>\$ 21,143</u>	<u>\$ 76,566</u>	<u>\$ 49,883</u>
<b>Net income attributed to:</b>				
<b>Apollo Education Group Common Stock</b>	<u>\$ 34,224</u>	<u>\$ 21,143</u>	<u>\$ 74,358</u>	<u>\$ 49,883</u>
<b>University of Phoenix Online Common Stock</b>	<u>\$ 1,164</u>	<u>\$ -</u>	<u>\$ 2,208</u>	<u>\$ -</u>
<b>Earnings per share attributed to:</b>				
<b>Apollo Education Group Common Stock:</b>				
<b>Diluted net income per share</b>	<u>\$ 0.29</u>	<u>\$ 0.19</u>	<u>\$ 0.64</u>	<u>\$ 0.43</u>
<b>Diluted weighted average shares outstanding</b>	<u>116,240</u>	<u>114,189</u>	<u>115,819</u>	<u>115,071</u>
<b>University of Phoenix Online Common Stock</b>				
<b>Diluted net income per share</b>	<u>\$ 0.17</u>		<u>\$ 0.33</u>	
<b>Diluted weighted average shares outstanding</b>	<u>6,773</u>		<u>6,674</u>	

	<b>At May 31,</b>	
	<b>2001</b>	<b>2000</b>
<b>OPERATING DATA</b>		
Students enrolled in degree programs	116,806	94,255
Number of locations:		
Campuses	58	52
Learning Centers	<u>102</u>	<u>92</u>
	160	144

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

	Quarter Ended	
	May 31,	
	<u>2001</u>	<u>2000</u>
<b>University of Phoenix:</b>		
Campuses established prior to May 1996	81,716	64,955
Campuses established after May 1996	<u>13,971</u>	<u>10,102</u>
<b>Total University of Phoenix</b>	<u>95,687</u>	<u>75,057</u>
Institute for Professional Development	19,515	17,444
Western International University	1,423	1,414
College for Financial Planning	<u>181</u>	<u>340</u>
<b>Total Degree Enrollment</b>	<u>116,806</u>	<u>94,255</u>

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**UNIVERSITY OF PHOENIX ONLINE**  
**SELECTED FINANCIAL DATA**  
(in thousands)

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Revenues:</b>				
Tuition and other, net	\$ 54,071	\$ 28,367	\$ 124,283	\$ 70,952
<b>Costs and expenses:</b>				
Instructional costs and services	20,783	14,478	52,116	36,289
Selling and promotional	13,449	4,208	29,770	10,514
General and administrative	3,200	1,873	7,873	4,961
	<u>37,432</u>	<u>20,559</u>	<u>89,759</u>	<u>51,764</u>
<b>Income from operations</b>	16,639	7,808	34,524	19,188
Interest income, net	1,008	-	2,712	-
<b>Income before income taxes</b>	17,647	7,808	37,236	19,188
Provision for income taxes	6,999	3,132	14,972	7,742
<b>Net income</b>	<u>\$ 10,648</u>	<u>\$ 4,676</u>	<u>\$ 22,264</u>	<u>\$ 11,446</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.*