



News Release

APOLLO GROUP, INC. REPORTS FISCAL 2001 FOURTH QUARTER AND YEAR END RESULTS

Apollo Group, Inc.
4615 E. Elwood St.
Phoenix, AZ 85040
(800) 990-APOL
(480) 929-7499 fax
Internet:
www.apollogrp.edu
www.phoenix.edu
www.online.phoenix.edu
www.ipd.org
www.fp.edu
www.wintu.edu

Phoenix, Arizona, October 9, 2001 -- Apollo Group, Inc. today reported fiscal 2001 financial results for Apollo Education Group (Nasdaq:APOL) and University of Phoenix Online (Nasdaq:UOPX) for the fourth quarter and year ended August 31, 2001.

Net income attributed to Apollo Education Group for the year ended August 31, 2001 was \$104.5 million, or \$.90 per diluted share, compared to \$71.2 million, or \$.62 per share, reported for the same period last year. Net income attributed to University of Phoenix Online was \$3.3 million, or \$.32 per diluted share for the year ended August 31, 2001.

Net income attributed to Apollo Education Group for the three months ended August 31, 2001 was \$30.2 million, or \$.26 per diluted share, compared to \$21.3 million, or \$.19 per share, reported for the same period last year. Net income attributed to University of Phoenix Online was \$1.1 million, or \$.10 per diluted share for the three months ended August 31, 2001.

Todd S. Nelson, President and CEO, said, "We are pleased with our strong enrollment growth and earnings performance during the last fiscal year and are looking forward to continued success in fiscal 2002. During the last quarter we opened a new campus in Milwaukee, Wisconsin and a new learning center in Oakland, California. These two new locations bring the total number of new campuses opened during fiscal 2001 to five and the number of new learning centers to seven."

Total consolidated revenues for Apollo Group, Inc. for the year ended August 31, 2001 rose 26.1% to \$769.5 million, compared with \$610.0 million for the same period last year. The University of Phoenix accounted for 92% of the \$707.4 million in net tuition revenues from students enrolled in degree programs for the year ended August 31, 2001. Total revenues for University of Phoenix Online for the year ended August 31, 2001 rose 75.9% to \$180.5 million, compared with \$102.6 million for the same period last year.

Total consolidated revenues for Apollo Group, Inc. for the three months ended August 31, 2001 rose 30.4% to \$215.1 million, compared with \$165.0 million in the fourth quarter of fiscal 2000. The University of Phoenix accounted for 92% of the \$198.2 million in net tuition revenues from students enrolled in degree programs for the quarter ended August 31, 2001. Total revenues for University of Phoenix Online for the three months ended August 31, 2001 rose 77.6% to \$56.2 million, compared with \$31.7 million in the fourth quarter of fiscal 2000.

Consolidated net income for Apollo Group, Inc. for the year ended August 31, 2001 increased 51.4% to \$107.8 million, compared to \$71.2 million for the same period last year. Net income for University of Phoenix Online for the year ended August 31, 2001 increased 81.7% to \$31.8 million, compared to \$17.5 million for the same period last year.

~ continued ~

Consolidated net income for Apollo Group, Inc. for the three months ended

Company Contact

Kenda B. Gonzales
Chief Financial Officer
(800) 990-APOL
Email:
kenda.gonzales@apollogrp.edu

Investor Relations Contact:

Janess Pasinski
Apollo Group, Inc.
(800) 990-APOL
Email:
janess.pasinski@apollogrp.edu

Press Contact:

Christopher Katis
Morgen-Walke Associates, Inc
(415) 439-4518

August 31, 2001 increased 46.7% to \$31.3 million, compared to \$21.3 million for the same period last year. Net income for University of Phoenix Online for the three months ended August 31, 2001 increased 57.4% to \$9.5 million, compared to \$6.0 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at August 31, 2001 increased by 24% to 124,800 students compared to 100,900 students at August 31, 2000. Degree enrollments at The University of Phoenix (excluding University of Phoenix Online) were 74,200 students at August 31, 2001 compared to 64,500 students at August 31, 2000 representing a 15.1% increase. Degree enrollments for University of Phoenix Online at August 31, 2001 increased by 81.1% to 29,000 students compared to 16,000 students at August 31, 2000.

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 124,800 students as of August 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.

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, 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)

	For the Three Months Ended		For the Year Ended	
	August 31,		August 31,	
	2001	2000	2001	2000
Revenues:				
Tuition and other, net	\$ 215,116	\$ 165,008	\$ 769,474	\$ 609,997
Costs and expenses:				
Instructional costs and services	112,741	90,792	410,084	352,874
Selling and promotional	46,185	27,944	150,311	96,491
General and administrative	10,767	12,403	48,076	46,555
	<u>169,693</u>	<u>131,139</u>	<u>608,471</u>	<u>495,920</u>
Income from operations	45,423	33,869	161,003	114,077
Interest income, net	3,522	2,042	14,106	6,228
Income before income taxes	48,945	35,911	175,109	120,305
Provision for income taxes	17,694	14,603	67,292	49,114
Net income	<u>\$ 31,251</u>	<u>\$ 21,308</u>	<u>\$ 107,817</u>	<u>\$ 71,191</u>
Net income attributed to:				
Apollo Education Group Common Stock	<u>\$ 30,155</u>	<u>\$ 21,308</u>	<u>\$ 104,513</u>	<u>\$ 71,191</u>
University of Phoenix Online Common Stock	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ 3,304</u>	<u>\$ -</u>
Earnings per share attributed to:				
Apollo Education Group Common Stock:				
Diluted net income per share	<u>\$ 0.26</u>	<u>\$ 0.19</u>	<u>\$ 0.90</u>	<u>\$ 0.62</u>
Diluted weighted average shares outstanding	<u>116,540</u>	<u>114,644</u>	<u>115,999</u>	<u>114,964</u>
University of Phoenix Online Common Stock				
Diluted net income per share	<u>\$ 0.10</u>		<u>\$ 0.32</u>	
Diluted weighted average shares outstanding	<u>10,841</u>		<u>10,242</u>	

	At August 31,	
	2001	2000
OPERATING DATA		
Students enrolled in degree programs	124,800	100,900
Number of locations:		
Campuses	58	54
Learning Centers	102	96
	<u>160</u>	<u>150</u>

~continued~

APOLLO GROUP, INC. AND SUBSIDIARIES
DEGREE ENROLLMENTS

	Year Ended	
	August 31,	
	2001	2000
University of Phoenix:		
Campuses established prior to August 1996	89,202	70,861
Campuses established after August 1996	14,043	9,668
Total University of Phoenix	103,245	80,529
Institute for Professional Development	19,889	18,597
Western International University	1,487	1,367
College for Financial Planning	196	378
Total Degree Enrollment	124,817	100,871

~continued~

UNIVERSITY OF PHOENIX ONLINE
SELECTED FINANCIAL DATA
(in thousands)

	For the Three Months Ended		For the Year Ended	
	August 31,		August 31,	
	2001	2000	2001	2000
Revenues:				
Tuition and other, net	\$ 56,244	\$ 31,661	\$ 180,527	\$ 102,613
Costs and expenses:				
Instructional costs and services	23,211	13,525	75,327	49,814
Selling and promotional	16,176	5,754	45,946	16,268
General and administrative	2,681	2,287	10,554	7,248
	<u>42,068</u>	<u>21,566</u>	<u>131,827</u>	<u>73,330</u>
Income from operations	14,176	10,095	48,700	29,283
Interest income, net	917	-	3,629	-
Income before income taxes	15,093	10,095	52,329	29,283
Provision for income taxes	5,594	4,059	20,566	11,801
Net income	<u>\$ 9,499</u>	<u>\$ 6,036</u>	<u>\$ 31,763</u>	<u>\$ 17,482</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.