



News Release

APOLLO GROUP, INC. REPORTS FISCAL 2002 FOURTH QUARTER AND YEAR END RESULTS

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Phoenix, Arizona, October 8, 2002 -- Apollo Group, Inc. today reported fiscal 2002 financial results for Apollo Education Group (Nasdaq:APOL) and University of Phoenix Online (Nasdaq:UOPX) for the fourth quarter and year ended August 31, 2002.

Net income attributed to Apollo Education Group for the year ended August 31, 2002 was \$153.2 million, or \$.87 per diluted share, compared to \$104.5 million, or \$.60 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the year ended August 31, 2002 was \$8.0 million, or \$.53 per diluted share, compared to \$3.3 million or \$.24 per diluted share, reported for the same period last year.

Net income attributed to Apollo Education Group for the three months ended August 31, 2002 was \$46.6 million, or \$.26 per diluted share, compared to \$30.2 million, or \$.17 per diluted share, reported for the same period last year. Net income attributed to University of Phoenix Online for the three months ended August 31, 2002, was \$2.7 million, or \$.18 per diluted share, compared to \$1.1 million or \$.08 per diluted share, reported for the same period last year.

Todd S. Nelson, President and CEO, said, "We are pleased to report another strong quarter in both enrollment and earnings. During the fourth quarter we opened campuses in two new states: Tennessee and Virginia. These additions bring our total on-campus locations for University of Phoenix to 40."

Total consolidated revenues for Apollo Group, Inc. for the year ended August 31, 2002 rose 31.2% to \$1.0 billion, compared with \$769.5 million for the same period last year. The University of Phoenix accounted for 93.7% of the \$951.9 million in net tuition revenues from students enrolled in degree programs for the year ended August 31, 2002. Total revenues for University of Phoenix Online for the year ended August 31, 2002 rose 81.4% to \$327.5 million, compared with \$180.5 million for the same period last year.

Total consolidated revenues for Apollo Group, Inc. for the three months ended August 31, 2002 rose 31.2% to \$282.3 million, compared with \$215.1 million in the fourth quarter of fiscal 2001. The University of Phoenix accounted for 94.1% of the \$263.9 million in net tuition revenues from students enrolled in degree programs for the quarter ended August 31, 2002. Total revenues for University of Phoenix Online for the three months ended August 31, 2002 rose 77.7% to \$99.9 million, compared with \$56.2 million in the fourth quarter of fiscal 2001.

Consolidated net income for Apollo Group, Inc. for the year ended August 31, 2002 increased 49.5% to \$161.2 million, compared to \$107.8 million for the same period last year. Net income for University of Phoenix Online for the year ended August 31, 2002 increased 102.7% to \$64.4 million, compared to \$31.8 million for the same period last year.

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

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August 31, 2002 increased 57.8% to \$49.3 million, compared to \$31.3 million for the same period last year. Net income for University of Phoenix Online for the three months ended August 31, 2002 increased 121.8% to \$21.1 million, compared to \$9.5 million for the same period last year.

Consolidated degree enrollments for all of the Apollo Group, Inc. institutions at August 31, 2002 increased by 26.4% to 157,800 students compared to 124,800 students at August 31, 2001. Degree enrollments at The University of Phoenix (excluding University of Phoenix Online) were 84,300 students at August 31, 2002 compared to 74,200 students at August 31, 2001 representing a 13.6% increase. Degree enrollments for University of Phoenix Online at August 31, 2002 increased by 70.2% to 49,400 students compared to 29,000 students at August 31, 2001.

Business Outlook

Apollo Group, Inc.

- We expect revenue for the quarter ending November 30, 2002 to be between \$290 million and \$292 million and to be between \$1.290 billion and \$1.295 billion for fiscal 2003.
- Operating margin is expected to be between 23.0% and 23.5% for the quarter ending November 30, 2002 and to be between 25.0% and 25.5% for fiscal 2003.

University of Phoenix Online

- We expect revenue for the quarter ending November 30, 2002 to be between \$100 million and \$101 million and to be between \$500 million and \$505 million for fiscal 2003.
- Operating margin is expected to be between 27.0% and 27.5% for the quarter ending November 30, 2002 and to be between 31.5% and 32.0% for fiscal 2003.

Diluted earnings per share attributed to Apollo Education Group are expected to be \$0.23 for the quarter ending November 30, 2002 and to be \$1.08 for fiscal 2003. Diluted earnings per share attributed to University of Phoenix Online are expected to be \$0.13 for the quarter ending November 30, 2002 and to be \$0.76 for fiscal 2003. These diluted earnings per share numbers for the quarter ending November 30, 2002 are consistent with the current First Call consensus estimates.

Based on 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 first quarter of fiscal 2003. 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 first quarter of fiscal 2003.

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 65 campuses and 111 learning centers in 37 states, Puerto Rico and Vancouver, British Columbia. Combined degree enrollment was 157,800 students as of August 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>.

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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
DEGREE ENROLLMENTS

	August 31,	
	2002	2001
University of Phoenix:		
Campuses established prior to August 1997	112,893	89,202
Campuses established after August 1997	20,767	14,043
Total University of Phoenix	133,660	103,245
Institute for Professional Development	21,724	19,889
Western International University	1,822	1,487
College for Financial Planning	556	196
Total Degree Enrollment	157,762	124,817

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UNIVERSITY OF PHOENIX ONLINE
SELECTED FINANCIAL DATA
(in thousands)

	For the Three Months Ended		For the Year Ended	
	August 31,		August 31,	
	2002	2001	2002	2001
Revenues:				
Tuition and other, net	\$ 99,938	\$ 56,244	\$ 327,483	\$ 180,527
Costs and expenses:				
Instructional costs and services	38,578	23,211	132,044	75,327
Selling and promotional	21,991	16,176	73,755	45,946
General and administrative	5,220	2,681	17,932	10,554
	<u>65,789</u>	<u>42,068</u>	<u>223,731</u>	<u>131,827</u>
Income from operations	34,149	14,176	103,752	48,700
Interest income, net	813	917	3,126	3,629
Income before income taxes	34,962	15,093	106,878	52,329
Provision for income taxes	13,897	5,594	42,484	20,566
Net income	<u>\$ 21,065</u>	<u>\$ 9,499</u>	<u>\$ 64,394</u>	<u>\$ 31,763</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.