



APOLLO GROUP

Strategic Sourcing and Procurement

Supplier Guide

TABLE OF CONTENTS

I. INTRODUCTION

Who is Apollo Group, Inc.....	3
Strategic Sourcing and Procurement Department.....	4-5
Our Mission.....	4
Our Strategy.....	4
Our Responsibility.....	4
Our Contact Information.....	5
What We Expect; What You Can Expect.....	5

II. SUPPLIER PERFORMANCE

Supplier Relations Policy.....	6
New Supplier Relationship Process.....	7
Strategic Sourcing and Procurement Transactions.....	7
Standard Payment Terms and Invoicing.....	8
Request for Quote or Request for Proposal.....	9-11
Informal RFQ.....	9
Formal RFQ/RFP.....	10
Terms and Conditions.....	10
Specifications.....	10
RFQ or RFP Conferences.....	11
RFQ or RFP Addendums.....	11
Insurance.....	11
Duration.....	11
Samples.....	11
Contract Award.....	12
Expected Supplier Performance.....	12
Non-Performing Contract Supplier.....	12
Addendums and Modifications.....	12

TABLE OF CONTENTS

III. CODE OF ETHICS

Code of Ethics.....	13-14
Reciprocity.....	13
Conflict of Interest.....	13
Gratuities.....	14

INTRODUCTION

At Apollo Group, Inc. (Apollo), our desire to be the best is evident in everything we do. As a supplier of products and/or services to Apollo you can assist us in our desire to be the very best.

We believe in strong supplier/customer relations which are based primarily on premium quality products and/or services, on-time deliveries, unequalled service, and competitive pricing. This can only be accomplished with the cooperation of you, our supplier. For Apollo to continue to be the leader in adult education, it must balance cost, delivery, and quality in every area of business operations.

At Apollo, we place great emphasis on conducting our commercial practices in a fair and ethical business manner.

Apollo has prepared this guide to help familiarize you and your company with our policies and business practices. Apollo has an exciting future ahead. As a valued supplier, you can join us in our pursuit of excellence and share in the exciting opportunities that lie ahead. This is a general guide, if you should need further information, please go to Apollo's Website at www.apollogrp.edu.

WHO IS APOLLO GROUP, INC.

Apollo was founded in 1973 in response to a gradual shift in higher education demographics from a student population dominated by youth to one in which approximately half the students are adults and over 80 percent of whom work full-time. Apollo's founder, John Sperling, believed -- and events proved him right -- that lifelong employment with a single employer would be replaced by lifelong learning and employment with a variety of employers. Lifelong learning requires an institution dedicated solely to the education of working adults.

Today, Apollo, through its subsidiaries, the University of Phoenix (including University of Phoenix Online and Axia College), the Institute for Professional Development, the College for Financial Planning, and Western International University, has established itself as a leading provider of higher education programs for working adults by focusing on servicing the needs of the working adult.

Apollo has enjoyed continual growth in student enrollments as well as building a strong financial record by having more than doubled its total enrollments and revenues between 2001 and 2005. Apollo, looking to continue the growth, completed its initial public offering on December 6, 1994 with a price of \$0.72 per share (adjusted for stock splits).

STRATEGIC SOURCING AND PROCUREMENT DEPARTMENT

OUR MISSION

To increase value to Apollo and its subsidiaries by providing leadership in the acquisition of products and/or services for all business purposes.

OUR STRATEGY

We will fulfill our mission by maintaining an uncompromising commitment to quality, cost effectiveness, and long-term, mutually beneficial partnerships.

OUR RESPONSIBILITY

The principal responsibility for the Strategic Sourcing and Procurement Department is to procure products and/or services needed for the operation of Apollo. The objective with each purchase is to ensure that each order meets the requirement of the requesting department for availability, delivery, quality, quantity, and price. Specific responsibilities include:

- Maintaining a competitive atmosphere among suppliers by developing alternative sources and seeking bids whenever practical
- To be the official link between the suppliers and our internal customers
- Evaluating existing agreements on a regular basis
- Evaluating supplier performance
- Ensuring on-time deliveries and high quality
- Resolving all claims against a supplier
- Administering and negotiating contracts
- Creating purchase orders
- Establishing and maintaining supplier relationships

CONTACT INFORMATION

Strategic Sourcing and Procurement contact information is:

Apollo Group, Inc.
4615 E. Elwood Street
Mail Stop AA-B313
Attention: Strategic Sourcing and Procurement
New Supplier Inquiry
Phoenix, AZ 85040
Phone: 480-966-5394
Fax: 480-379-3579
Internet: www.apollogrp.edu
(Nasdaq: APOL)

Hours of operation for the Strategic Sourcing and Procurement Department are 8:00 a.m. to 5:00 p.m., Arizona time, Monday through Friday, excluding holidays.

WHAT WE EXPECT; WHAT YOU CAN EXPECT

As in every other element of Apollo's business, we will conduct our commercial relationships in a professional and ethical manner that will ensure that our suppliers know we value their business.

In every transaction, Apollo seeks to obtain maximum value for each dollar, to acquire products and/or services without prejudice and to respect the obligations of buyer and seller. To this end, we seek to develop relationships, which not only assure us of fair prices but also protect us against interruption of supply or service.

We are glad to give you the opportunity to present your company's position. We will make every effort to understand your products and/or services, just as you should make every effort to understand ours. We welcome supplier presentations, where appropriate, and suggest they be scheduled during normal business hours. We firmly discourage calls or visits without an appointment.

We expect our suppliers to have an in-depth knowledge of their products and/or services and a familiarity with Apollo and its business. This helps both of us perform more efficiently.

SUPPLIER RELATIONS POLICY

We view our suppliers as vital partners in Apollo's success in providing products and/or services which will assure that our service will be first in satisfying our customers. It is our plan to nurture relationships with each supplier, so that this relationship will be a rewarding one for both parties. At the same time we expect our suppliers to run their businesses in an efficient, cost-effective fashion that will allow them to be competitive in the worldwide market.

The share of business a supplier could receive for any one particular item will be determined by the Strategic Sourcing and Procurement department. This evaluation will yield the best supplier meeting our needs in the following areas: quality, reliability, delivery, price, price leadership, lead times, long term technical direction, and the flexibility in meeting our changing needs. Of significant importance are the supplier's contributions to new product development, technical assistance, and cost reduction ideas. Apollo expects to give fair, impartial consideration and courteous treatment to all suppliers seeking to establish or maintain a relationship. A reputable qualified supplier fulfills these basic responsibilities:

- To provide Apollo quality, delivery, service and availability at a reasonable price for required products and/or services.
- To inform Apollo of changes in economic conditions.
- To verify financial stability and visibility during the term of the contracted purchase of products and/or services.
- To make available all ideas and suggestions that might improve Apollo's present or future use of suppliers, products and/or services or result in cost savings, value analysis, cost reduction, value engineering, substitutions, economies of scale, etc.
- To advise Apollo of any new technologies, products and/or services as soon as such information, technology or process is available.

SUPPLIER PERFORMANCE

NEW SUPPLIER RELATIONSHIP PROCESS

The following documents/forms are required for all new suppliers:

- New Vendor Request Form (internally submitted)
- Supplier completed W9 form

Based on the products and/or services being provided, a combination of the following documents may be required:

- Non-Disclosure Agreement (NDA) – If proprietary Apollo information or access is to be discussed with supplier, this agreement is required to protect the confidentiality of Apollo information. Please contact the Strategic Sourcing and Procurement department to process.
- Apollo Standard Agreement Terms and Conditions – For ongoing purchases of products and/or services provided by an individual, company, or corporation, please contact the Strategic Sourcing and Procurement department for the appropriate agreement.
- Official supplier quote for products and/or services – Quote should detail specific quantities, amounts, expected delivery/completion times, estimated taxes and shipping, quote expiration, and additional services.

STRATEGIC SOURCING AND PROCUREMENT TRANSACTIONS

There are three (3) preferred methods of doing business with Apollo. Suppliers can enter into a formal contractual relationship with Apollo, receive a Purchase Order from the Strategic Sourcing and Procurement Department or accept payment via the Apollo Corporate Purchasing Card. Verbal orders do not constitute a binding obligation and suppliers who accept verbal orders do so at their own risk.

The Terms and Conditions referenced on the bottom of Apollo's Purchase Order form will govern all transactions made with a Purchase Order. Copies of the terms and conditions can be obtained from our Web page (<http://www.apollogrp.edu/vendor>). When a formal contract exists, it will take precedence over the Purchase Order terms and conditions. Suppliers are well advised to be familiar with Apollo's terms and conditions before entering into any business transaction.

SUPPLIER PERFORMANCE

STANDARD PAYMENT TERMS AND INVOICING

Apollo's standard payment terms will be net thirty (30) days upon receipt of the invoice. Unless otherwise agreed upon by Apollo, all products and/or services must be completed and received prior to payment and partial payments will not be made.

All invoices for products and/or services must be sent directly from supplier to Corporate Accounts Payable (A/P). All invoices over \$5,000 must have a valid and current Purchase Order number listed and invoices under \$5,000 must have either a valid and current Purchase Order number, or an Apollo cost center number listed where appropriate. If invoices are directed to an individual campus or other location within Apollo or do not include either a Purchase Order number or a cost center number, a delay in the payment processing may occur. A/P's mailing address is:

Apollo Group, Inc.
Attn: A/P AA-B301
4615 E. Elwood St.
Phoenix, AZ 85040

SUPPLIER PERFORMANCE

REQUEST FOR QUOTE OR REQUEST FOR PROPOSAL

Apollo posts all formal Request for Proposal (RFP) on Apollo's Web page at www.apollogrp.edu. To locate a RFP from the main page, select "Vendor Opportunities."

Please be advised that the Strategic Sourcing and Procurement department awards contracts based upon a combination of the "total cost to Apollo" and the "total value received." Apollo does not simply request proposals and make awards to the lowest bidder. There are a number of factors that we consider including:

- Quality of products and/or services
- Products and/or services pricing
- Ability of supplier to meet deadlines
- Reliability of the supplier
- Product warranties/service guarantees
- Supplier's expertise and product knowledge
- Financial status of the supplier
- Supplier's acceptance of apollo's standard contract terms

A Request for Quote (RFQ) or RFP may be submitted informally or formally. Apollo is authorized to use RFQ or RFP methods other than those listed to acquire products and/or services. Apollo reserves the right to cancel any and all RFQ's or RFP's at its sole discretion.

INFORMAL RFQ

The two types of RFQ are:

1. Verbal Quotations: These quotations are conducted over the telephone.
2. Written Quotations: Sent by suppliers via facsimile (fax), Internet, electronic mail (email), or direct mail.

SUPPLIER PERFORMANCE

FORMAL RFQ/RFP

Suppliers must comply with the following requirements to be considered for an award:

1. Each RFQ or RFP specifies a closing date and time. All supplier responses must be received by the designated date and time to be considered for award. The supplier bears full responsibility to insure that the RFQ or RFP is received by the date and time specified. Supplier responses received after the designated date and time may not be considered and may be returned unopened to the supplier.
2. All responses received from suppliers must be completed in ink or typewritten. **Responses submitted in pencil will be rejected.** (Faxed copies or electronic delivery of supplier responses will not be considered for award.) When submitting a response, assure that all required information has been provided such as pricing sheets, signature page, applicable addendums, samples, and any additional information.
3. Suppliers are responsible for providing all signatures required by the RFQ or RFP. Required signatures must be in ink and must be from an authorized officer of the supplier.

TERMS AND CONDITIONS

Suppliers are encouraged to carefully read all RFQ's and RFP's, as they will be held responsible for understanding the contents and performing accordingly. Each RFQ or RFP contains the specifications for the purchasing terms and conditions governing the contract to be awarded, and other pertinent information. Suppliers should carefully review their responses prior to submission to ensure they meet the specific requirements of the RFQ or RFP.

SPECIFICATIONS

Each RFQ or RFP contains specifications that define the products and/or services being procured. To maximize competition, Apollo attempts to use generic specifications. At times, a specification may include the manufacturer, trade name, model number, or other information for identification purposes. In these instances, an RFQ or RFP may offer a products and/or services that is certified equal in quality, performance, and other essential characteristics. Strategic Sourcing and Procurement will make the final determination on whether the offer is acceptable

SUPPLIER PERFORMANCE

RFQ OR RFP CONFERENCES

RFQ's or RFP's will occasionally include an RFQ or RFP conference. In some instances, these conferences are mandatory and require the attendance of the supplier participating in the RFQ or RFP. If an RFQ or RFP conference is mandatory, it will be clearly identified as mandatory in the RFQ or RFP document. The purpose of these conferences is to provide interested suppliers an opportunity to discuss the specifications, terms and conditions, and other information pertinent to the RFQ or RFP.

RFQ OR RFP ADDENDUMS

When a change is required on an RFQ or RFP for the purpose of providing additional information or clarification, a written addendum will be issued to all suppliers who received a copy of the RFQ or RFP document or who attended a mandatory RFQ or RFP conference.

The addendum becomes part of the RFQ or RFP document and must be signed and returned as part of a supplier's response.

Suppliers need to check periodically to ensure that an addendum has not been issued on an RFQ or RFP if intending to respond to the RFQ or RFP. All addendums and other information will be posted on Apollo's Website www.apollogrp.edu. To locate your RFQ or RFP from the main page, select "Vendor Opportunities."

INSURANCE

If an RFQ or RFP requires that the supplier provide specific insurance coverage, the successful supplier must furnish a valid certificate of insurance evidencing the applicable coverage. The time allowed for providing this information will be specified in the RFQ or RFP document.

DURATION

Unless otherwise stated in the RFQ or RFP document, all supplier responses, once opened, are considered valid for a minimum of ninety (90) days. If the supplier is not notified of an award prior to the expiration of that time, the supplier is not obligated to honor the response submitted and may unilaterally withdraw from consideration.

SAMPLES

All samples required by an RFQ or RFP must be provided as instructed within the RFQ or RFP document. Failure to provide required samples or in accordance with the RFQ or RFP requirements may result in the rejection of the RFQ or RFP response. The sample will be shipped back to the supplier at the supplier's expense.

SUPPLIER PERFORMANCE

CONTRACT AWARD

Expected Supplier Performance

After a supplier has been awarded a contract, full compliance with the specifications, terms and conditions, delivery, and pricing is expected. To ensure compliance, the contract will be audited to determine whether performance problems or issues exist.

Contracts are viewed as a partnership between the supplier and Apollo. Thus, each supplier is expected to bring problems and issues to the attention of Apollo at the earliest opportunity.

Non Performing Contract Supplier

Contracts of non-performing suppliers will be cancelled by Apollo if compliance with the contract cannot be achieved. In addition to cancellation, Apollo may hold the supplier liable for damages that result from non-performance, over-charges, and additional expenses Apollo might incur to fulfill its requirements.

Addendums and Modifications

Occasionally, after a contract has been awarded, situations occur which require the contract to be changed or modified. If the contract provides for changes or modifications, this is accomplished by a written change order or contract amendment that is sent to the supplier. Apollo does not recognize or agree to be bound by changes or modifications that are not in writing and signed by an authorized officer of the supplier.

CODE OF ETHICS

Reciprocity

If Strategic Sourcing and Procurement or its Buyers give preference to suppliers because they are also customers, or when the organization influences a supplier to be a customer, the professional or the organization is engaging in a practice known as reciprocity. Agreements involving a specific commitment to buy in exchange for a specific commitment to sell also constitute reciprocity. These purchasing actions are illegal if they tend to restrict competition or trade or if they are coerced, since such acts may be construed as "restraint of trade" in violation of Sections 1 and 2 of the Sherman Act.

The following are guidelines in how the Strategic Sourcing and Procurement department deals with reciprocity:

- Dealing with a supplier that is also a customer may not constitute a problem if, in fact, the supplier is the best source.
- The Strategic Sourcing and Procurement department strategy must include a positive effort to oppose any corporate or organizational commitment to, or pursuit of, any form of improper reciprocity.
- Buyers are sufficiently knowledgeable of the provisions in antitrust laws to recognize a potential legal problem and to know when to seek legal counsel.
- The Strategic Sourcing and Procurement department is especially careful when dealing with suppliers that are customers when making sourcing decisions.

Conflict of Interest

It has always been the policy of Apollo to manage and operate business activities in conformance with applicable laws and high ethical standards and to insist its personnel comply with this policy at all times.

Apollo respects all individuals' rights to engage in activities outside their employment that are private in nature (social, community, political, or religious). However, each employee is expected to protect Apollo's proprietary information and avoid the appearance of outside influence on his/her work-related decisions or activities. Employees must avoid any associations or relationships that appear to conflict with the employee's responsibility to make objective decisions in Apollo's best interest. No employee should benefit personally from any purchase of products and/or services by the corporation nor derive personal gain from direct or indirect actions taken as a representative of the corporation, except for wages and other compensation paid by Apollo or unless such business dealings have been disclosed in writing to the President of Apollo and a specific non-objection has been given by Apollo.

Supplier will disclose to Apollo all relationships it has with any employee of Apollo or with any employee of Apollo's subsidiaries that results or may result in such an employee receiving any financial or other benefit, including ownership interests, from the supplier, whether as a result of an Agreement or otherwise. In such an event, the supplier will disclose the employee's name and the benefit/interest involved. Apollo may in its sole discretion, approve such relationship or may terminate any future business.

Gratutities

Except for business lunches and advertising items of general distribution, i.e., pens, calendars, and the like, supplier shall not offer any gift, gratuity, favor, or advantage to any Apollo employee, agent, or representative. Apollo may, by written notice to the supplier, terminate future business immediately, if it is found by Apollo that such offers were made by the supplier, or any agent or representative of the supplier, to any employee, agent, or representative of Apollo.