



APOLLO GROUP™
OFFICE OF THE CEO



Apollo Group Employees,

Today we are pleased to announce that we have entered into an agreement to acquire 100 percent of the stock of [Carnegie Learning, Inc.](#), a leading publisher of research-based math curricula and adaptive cognitive tutor software for middle school, high school, and postsecondary students. Carnegie Learning has spent more than a decade developing methods proven to raise student achievement in math, and we will immediately begin work to deploy [adaptive learning](#) throughout our Apollo family in an effort to improve academic outcomes. In a separate transaction, Apollo also announced it has agreed to acquire related technology from Carnegie Mellon University.

The Carnegie Learning team will bring their educational and adaptive learning technology to our students to enhance academic outcomes. Carnegie Learning offers a highly individualized, innovative approach to addressing a fundamental skills gap in mathematics that is prevalent among many of today's post-secondary students. With this investment, we are committed to helping our students be more successful in the classroom.

We are constantly evolving and improving our technology, and a more personalized experience that incorporates adaptive features into the learning environment is the next step in our evolution. As the deal closes, Carnegie Learning will be a wholly-owned subsidiary of Apollo Group and report up to Joe D'Amico, President and COO. Carnegie Learning will continue to service the K-12 space, where it has been successful implementing its innovative learning solutions. Given Apollo's post-secondary focus, the Company intends to evaluate strategic alternatives of the K-12 portion of the business in order to support Carnegie Learning's continued success in this market.

We will begin integrating the Carnegie Learning technology into our proprietary platform immediately. The process of integration is complex and we have developed a detailed integration plan for Carnegie Learning. In order to maintain focus on the plan and Carnegie Learning's business objectives any contact or visit by Apollo staff must be directly in line with, and supportive of, the integration plan. If you need to connect with Carnegie Learning please contact Graeme Wood, Head of Integration Services.

Carnegie Learning was founded by cognitive and computer scientists from Carnegie Mellon University in conjunction with veteran mathematics teachers. The Pittsburgh, Pennsylvania-based institution is led by a management team with experience including cognitive research, educational technology, education policy, publishing and product development.

Adaptive and personalized learning are the future of education and we are excited to bring the Carnegie Learning adaptive features into the Apollo Group learning environment.

Regards,

Greg Cappelli
Co-Chief Executive Officer

Chas Edelstein
Co-Chief Executive Officer

Apollo Group Acquires ‘Adaptive Learning’ Company Carnegie Learning

Apollo Group, Inc. today announced that it has entered into an agreement to acquire 100 percent of the stock of [Carnegie Learning, Inc.](#), a leading publisher of research-based math curricula and adaptive cognitive tutor software for middle school, high school, and postsecondary students. Carnegie Learning has spent more than a decade developing methods proven to raise student achievement in math, and Apollo will immediately begin work to bring [adaptive learning](#) to post-secondary students toward the primary goal of improving academic outcomes. In a separate transaction, Apollo also announced it has agreed to acquire related technology from Carnegie Mellon University.



“We are excited to work with the Carnegie Learning team to bring their educational and adaptive learning technology to our students to enhance academic outcomes,” said Gregory Cappelli, Co-CEO of Apollo Group and Chairman of Apollo Global. “Carnegie Learning offers a highly-individualized, innovative approach to addressing a fundamental skills gap in mathematics that is prevalent among many of today’s post-secondary students. With this investment, we are committed to helping our students be more successful in the classroom.”

Apollo Group will begin integrating the Carnegie Learning technology into its proprietary platform immediately. The company is constantly evolving and improving its technology, and a more personalized experience that incorporates adaptive features into the learning environment is the next step in its evolution. As the deal closes, Carnegie Learning will be a wholly-owned subsidiary of Apollo Group and report up to Joe D’Amico, President and Chief Operating Officer of Apollo Group.

“Carnegie Learning has developed a market-leading, differentiated product, and just as we are investing in their technology, we are also investing in the talented team,” said Michael White, Chief Technology and Information Officer for Apollo Group. “Pittsburgh has evolved into a center for adaptive learning research and technology and we look forward to expanding our involvement in the community through this acquisition, including further collaboration with Carnegie Mellon University.”

Carnegie Learning was founded by cognitive and computer scientists from Carnegie Mellon University in conjunction with veteran mathematics teachers. The Pittsburgh, Pennsylvania-based institution is led by a management team with experience including cognitive research, educational technology, education policy, publishing and product development.

For more detail on this acquisition, read the [company news release](#).

“Letter for Target Employees”

Dear Colleagues,

Today the Apollo Group, Inc. (NASDAQ: APOL) announced its intent to acquire Carnegie Learning, Inc. Apollo Group has been providing higher education programs to working adults for almost 40 years through its subsidiaries including The University of Phoenix, Apollo Global, Institute for Professional Development and The College for Financial Planning. Once the acquisition is complete, which we expect will be in a relatively short period, Carnegie Learning will become a wholly-owned subsidiary of Apollo Group.

When we began this company in 1998 it was our goal to re-invent the way we teach math and to empower students across the nation to produce improved math scores. We have been tremendously successful in this endeavor, and now with this acquisition we will have the resources of a Fortune 500 company behind us to enable us to expand our philosophy and technology to an even wider and more diverse student base. Apollo Group is one of the largest for-profit educational institutions in the world and since its founding in 1973 it has revolutionized higher education. Apollo has accomplished this through technology and advanced learning methodologies that are similar in philosophy to our own approach.

While Apollo Group focuses on the post-secondary arena, we will continue to work in the K-12 space where we successfully implement our innovative learning solutions. Apollo will continue to evaluate strategic options for the K-12 business and support Carnegie Learning’s continued success in this market.

Undoubtedly you will have a lot of questions about how this acquisition will affect Carnegie Learning and your role with the company. Those questions will be answered over the coming days by representatives from Apollo Group, but suffice it to say Apollo was interested in buying us not only for our technology and methodology but for our talented team.

This is an exciting moment in the history of Carnegie Learning. You should all be proud of what we’ve done as a team and know that this is only the next stage in the evolution of Carnegie Learning.

Regards,

Dennis Ciccone
Chief Executive Officer

Carnegie Learning Purchased by Apollo Group, Inc. for \$75M

Today the Apollo Group, Inc. (NASDAQ: APOL) announced its intent to acquire Carnegie Learning, Inc. Apollo Group has been providing higher education programs to working adults for almost 30 years through its subsidiaries including The University of Phoenix, Apollo Global, Institute for Professional Development and The College for Financial Planning. Once the acquisition is complete Carnegie Learning will become a wholly-owned subsidiary of Apollo Group.

“When we began this company in 1999 it was our goal to re-invent the way we teach math and to empower students across the nation to produce improved math scores,” said Dennis Ciccone, Chief Executive Officer. “We have been tremendously successful in this endeavor, and now with this acquisition we will have the resources of a *Fortune 500* company behind us to enable us to expand our philosophy and technology to an even wider and more diverse student base.”

Apollo Group is one of the largest for-profit educational institutions in the world and since its founding in 1973 it has revolutionized higher education. It has accomplished this through technology and advanced learning methodologies that are similar in philosophy to the Carnegie Learning approach.



As a wholly-owned subsidiary of Apollo Group, Carnegie Learning will continue to service the K-12 space, where we have been successful implementing our innovative learning solutions. Moving forward we will work closely with Apollo to bring to market an adaptive learning platform for higher education. Apollo is a constantly evolving company and it sees adaptive learning as the next step in its evolution.

“We are excited to work with the Carnegie Learning team to bring their educational and adaptive learning technology to our students to enhance academic outcomes,” said Gregory Cappelli, Co-CEO of Apollo Group and Chairman of Apollo Global. “Carnegie Learning offers a highly-individualized, innovative approach to addressing a fundamental skills gap in mathematics that is prevalent among many of today’s post-secondary students. With this investment, we are committed to helping our students be more successful in the classroom.”

Apollo Group has been driving innovations in higher education for more than 30 years from a steady focus on the working learner to becoming the first to provide degrees online. An initial focus for Apollo is to integrate the Carnegie Learning technology into the University of Phoenix education model so that those students experience immediate benefits.

For more detail on this acquisition, read the [Apollo news release](#).

Apollo Completes Carnegie Learning Acquisition

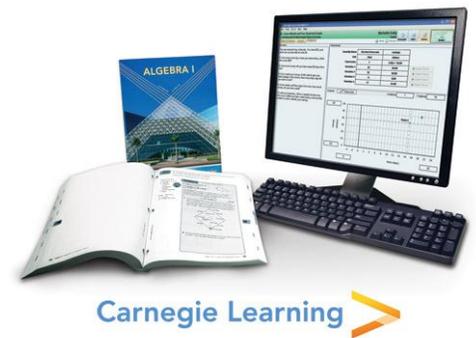
Today the Apollo Group announced it has completed the acquisition of Carnegie Learning, Inc. (CLI), a leading publisher of research-based math curricula and adaptive cognitive tutor software for middle school, high school, and postsecondary students based in Pittsburgh, Penn. Effective today Carnegie Learning is a wholly-owned subsidiary of the Apollo Group.

Carnegie Learning has spent more than a decade developing methods proven to raise student achievement in math. Apollo plans to bring this adaptive learning approach to post-secondary students to improve academic outcomes.

Since the announcement of Apollo's intent to acquire Carnegie Learning, a cross-functional team has been working to finalize the deal and plan for integration. Work has been done across all functions with special focus on Human Resources and IT activities in order to ensure minimal disruption to the CLI business and employees.

In terms of the new reporting structure, the Carnegie Learning business will continue to be led by Dennis Ciccone, Chief Executive Officer, who will report to Joe D'Amico, President and Chief Operating Officer. However, much of the work done by CLI will be integrated into Apollo's Product Strategy and Development (PSD) organization under the direction of Chief Technology & Information Officer Mike White. Mike and his team have been working with the technology and integration teams to plan for the alignment of the CLI business with our student-facing application environment.

For more details on this acquisition, read the [company news release](#).





Dear Colleagues,

Today the Apollo Group is pleased to announce it has completed the acquisition of Carnegie Learning, Inc. Beginning today, Carnegie Learning is officially a wholly-owned subsidiary of the Apollo Group which includes The University of Phoenix, Apollo Global, Institute for Professional Development and The College for Financial Planning. Welcome to the Apollo family!

Since the announcement of Apollo's intent to acquire Carnegie Learning, a cross-functional team has been working to finalize the deal and plan for integration. Work has been done across all functions with special focus on Human Resources and IT activities in order to ensure minimal disruption to your business. You'll be hearing from these groups and others in the future with details on what you can expect going forward.

While you now have access to some of Apollo's IT network, your normal business operations will not change and you should continue to use your current business tools and systems including your Carnegie Learning email. You'll be advised shortly on how to access parts of our intranet, which we call NewSource, and we have integrated your email system with ours so we can easily connect and create calendar events across both companies. There is still quite a bit of work to do to bring our two companies together so even though the transaction is complete the integration work will continue. We ask that you please have patience while we work through the remaining details. If you have questions, please contact Lori Drake for HR matters and Rick Macurak for IT issues.

In terms of the new reporting structure, the Carnegie Learning business will continue to be led by Dennis Ciccone, Chief Executive Officer, and will report directly to me. However, much of the work you do will be integrated into our Product Strategy and Development (PSD) organization under the direction of our Chief Technology & Information Officer Mike White. Mike and his team are already working with the technology and development teams to plan for the alignment of the CLI business with our student-facing application environment.

We are excited to bring your educational and adaptive learning technology to our students to enhance academic outcomes. Together we are committed to helping our students be more successful in the classroom. I met many of you when I was in Pittsburgh for the original announcement and I hope to meet the rest of the CLI team in the future. Again, welcome aboard!

Warm Regards,

Joe D'Amico
President and Chief Operating Officer, Apollo Group

Carnegie Learning & Apollo Group

Employee FAQ's

About the Acquisition

Why is Apollo acquiring Carnegie Learning?

- *An investment in adaptive learning technology through Carnegie Learning provides Apollo with the opportunity to:*
 - *Enhance student outcomes*
 - *Improve retention and graduation rates*
 - *Improve the Center for Excellence in math curriculum*
- *Apollo is interested in Carnegie Learning not only for its technology and methodology, but for its talented team.*
- *Accelerates Apollo's ability to begin integrating adaptive learning capabilities into its institutions' learning platforms.*
- *Allows Apollo to maintain its leadership in leveraging technology to enhance student learning outcomes. Using the CL technology Apollo will incorporate adaptivity into its teaching process, bringing more effective, personalized experiences to all learners.*

When will the acquisition be official?

We anticipate the deal to close on or around September 1.

What is the status of Carnegie Learning after closing?

Carnegie Learning will be a wholly-owned subsidiary of Apollo Group. The company will still be called Carnegie Learning.

How does the acquisition change our business?

What market will we focus on?

Carnegie Learning will continue to serve its core customers in the K12 market and in conjunction with Apollo will evaluate strategic alternatives which support Carnegie Learning's continued success in this market. Apollo will continue to focus on the postsecondary market and will work with the Carnegie Learning team to incorporate adaptive learning technology into its academic platform.

How will this impact our current systems and processes?

We will continue to operate as we do today, but will collaborate and partner particularly with the Apollo Group development teams.

How will Carnegie Learning be managed going forward?

While your current reporting relationship will not change, in the Apollo Group structure the Carnegie Learning business will report into Joe D'Amico, President and Chief Operating Officer – Apollo Group Inc. For those on the Technology and Development teams there will be shared goals and the need to work closely with the Apollo's Product Strategy & Development team which is led by Mike White, Chief Technology and Information Officer – Apollo Group Inc.

How do I position this with customers and/or vendors?

For any customer facing roles, you will be provided with a message to share with customers that explains the acquisition and prepares you to field questions. There will not be an impact to customers in terms of product and process.

Will we change our website, business cards, letterhead, etc.?

There will be no immediate changes to our website, business cards, letterhead, etc. It is not necessary to change Carnegie Learning to Apollo Group in your daily business activities. We value the name of Carnegie Learning and what that name stands for.

Will my e-mail change and if so, when?

Initially there will be no change to your email address. We will be working on a systems integration plan over the next several months and we will be sure to communicate any changes that may impact your ability to conduct business. Our goal is to ensure you have all the productivity tools you need to be successful.

Are there plans to grow the location in Pittsburgh?

Yes, the Pittsburgh office will continue to be the headquarters for CL and we will be working directly with Apollo on new staffing opportunities over the next few months.

Will we stay in the Frick Building?

Our current lease in the Frick Building is ending and we are currently looking at other locations within the city.

How does this acquisition impact me?**Will my responsibilities, title and salary change?**

Your position, salary and benefits will stay the same.

Will I receive an offer letter from Apollo Group?

Because there are no plans to change your role, reporting or compensation and benefits there is no need for a separate offer letter. Once the acquisition closes Carnegie Learning will become a wholly owned subsidiary of Apollo Group and your employment will continue "as is". However you will receive an individual package of information following the announce of the acquisition including an official welcome letter from Apollo Group.

Will my years of service transfer?

Yes, years of service with CL will be recognized by Apollo Group.

How will payroll/benefits be administered?

For the remainder of calendar year 2011 all HR-related programs will remain the same.

Are we moving to Apollo's HR programs in 2012, and will we have information sessions?

We are reviewing our options to transition CL to Apollo's HR programs in the future. Apollo Group continuously reviews its total rewards strategy and will review Carnegie Learning's HR benefit package to ensure a competitive offering. If any changes occur, all employees will have access to information sessions/presentations and will be notified well in advance.

Will there be an impact on CL's Pittsburgh-based staff? Will there be layoffs associated with the transaction?

At this time there are no plans to reduce staff. as a matter of fact, CL intends to continue to grow its customer base in the K-12 space, and is currently hiring technical staff.

Will there be opportunities to work in Apollo's San Francisco office?

There are no plans to move development out of Pittsburgh. However, if an individual inquires about an open role, we will consider it on a case-by-case basis.