



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): December 21, 2016

Apollo Education Group, Inc.

(Exact name of registrant as specified in its charter)

Arizona
(State or other jurisdiction
of incorporation)

0-25232
(Commission
File Number)

86-0419443
(I.R.S. Employer
Identification No.)

**4025 S. Riverpoint Parkway, Phoenix,
Arizona**
(Address of principal executive offices)

85040
(Zip Code)

Registrant's telephone number, including area code: (480) 966-5394

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Section 8 – Other Events

Item 8.01 Other Events.

U.S. Department of Education Supplemental Preacquisition Review Application Response

On December 20, 2016, the U.S. Department of Education (the “Department”) provided a supplemental response (the “Supplemental DOE Preacquisition Response”) to the preacquisition review application filed by University of Phoenix and Western International University in connection with our pending merger (“Merger”) with AP VIII Queso Holdings, L.P., a Delaware limited partnership (“Queso”), as further described in our filings with the U.S. Securities and Exchange Commission set forth below. The Supplemental DOE Preacquisition Response modifies and supplements certain portions of the initial response dated December 7, 2016 (the “Initial DOE Preacquisition Response”), which is described in and furnished as an exhibit to our Form 8-K filed on December 8, 2016. A copy of the Supplemental DOE Preacquisition Response is furnished as Exhibit 99.1 to this Form 8-K.

The preacquisition review application was filed in accordance with Department procedures pursuant to which the Department provides information about conditions the Department intends to impose in connection with the continued participation in federal Title IV student financial aid programs by an applicant following a change in ownership. Consummation of the Merger is subject to the absence of certain conditions or restrictions in the Department’s response, including among other conditions, the absence of any requirement to post a letter of credit in excess of 10% of the amount of Title IV program funds received by University of Phoenix during fiscal year 2016 or any limitation (other than certain excluded limitations) which reasonably would be expected to materially impair the operation of the University’s business in the manner in which it is currently conducted, unless these burdensome conditions are imposed solely because of certain deficiencies associated with Queso and its affiliates.

In the Supplemental DOE Preacquisition Response, the Department modified the letter of credit conditions to the continued participation of University of Phoenix and Western International University in Title IV programs following consummation of the Merger. As modified, within ten days after the Merger, Queso would be required to post letters of credit with the Department in the aggregate amount of \$154.3 million and establish cash escrow accounts in the aggregate amount of \$231.4 million which are accessible only by the Department on the same conditions as a draw on the letters of credit, which amounts represent the Department’s calculation of 10% and 15%, respectively, of the aggregate Title IV program receipts of University of Phoenix and Western International University in fiscal year 2016. In addition, Queso must demonstrate that immediately following the Merger, it has \$200 million of cash on its balance sheet.

The Supplemental DOE Preacquisition Response also clarified the manner in which enrollment, retention and graduation rates will be calculated for purposes of measuring compliance with certain conditions specified in the Initial DOE Preacquisition Response.

We have been informed by Queso that it acknowledges and accepts the mandatory requirements stipulated in the Initial DOE Preacquisition Response, as amended and clarified by the Supplemental DOE Preacquisition Response.

In addition to the conditions associated with the preacquisition review response, the Merger is subject to the approval by the Higher Learning Commission (“HLC”), the principal accreditor of University of Phoenix and our other domestically accredited institutions, of the change of control applications filed by University of Phoenix, Western International University and The College for Financial Planning Institutes Corporation. HLC previously informed us that the HLC Board of Trustees had voted to defer action on the change of control applications until such time as the Department of Education provided us and HLC with a written response to the pre-acquisition review applications filed by University of Phoenix and Western International University, and a substantive response to any requirements has been filed. We have submitted to HLC all of the requested information, including Queso’s written acceptance of the mandatory requirements stipulated in the Initial DOE Preacquisition Response, as amended and clarified by the Supplemental DOE Preacquisition Response, and we anticipate that HLC will take action on our change of control applications in due course. However, we cannot predict or control the timing or outcome of HLC’s review of our applications.



Subject to the satisfaction of all closing conditions, we expect to consummate the Merger by February 1, 2017, the date on which the agreement governing the Merger becomes terminable by either party. However, there can be no assurance that all closing conditions will be satisfied in a timely manner or at all, or that the Merger will be consummated.

For additional information about the Merger and the related Merger Agreement, see the following filings we have made with the Securities and Exchange Commission:

- Current Report on Form 8-K filed February 8, 2016;
- Definitive Proxy Statement filed March 23, 2016;
- Supplement to the Definitive Proxy Statement filed May 2, 2016;
- Amendments to the Merger Agreement attached to our Current Report on Form 8-K filed May 2, 2016;
- Current Report on Form 8-K filed July 7, 2016;
- Annual Report on Form 10-K filed October 20, 2016; and
- Current Report on Form 8-K filed December 8, 2016.

The information in Item 8.01 of this Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished herewith:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Supplemental preacquisition review response letter dated December 20, 2016 from U.S. Department of Education



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SIGNATURES

Apollo Education Group, Inc.

December 21, 2016

By: /s/ Gregory J. Iverson

Name: *Gregory J. Iverson*

Title: *Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer*



Exhibit 99.1



December 20, 2016

Mr. Greg Ferenbach
emailed: gferenbach@cooley.com

Re: **Amended:** Preacquisition Review of the Proposed Change in Ownership

Dear Mr. Ferenbach:

This letter modifies or supplements the letter that I sent to Presidents Lorenz and Slottow on December 7, 2016 entitled "Preacquisition Review of the Proposed Change in Ownership." I will note where I am modifying the letter, in which case the terms of this letter take precedence, and where I am supplementing the letter, in which case the terms of the original letter take precedence.

Letter of Credit for TPPAs: The Letter of Credit Provision on page 3, which is part of Section 1.A. of the Letter, is modified to read as follows:

Letter of Credit, Cash Balance, and Funding of Escrow Account. In addition to the materially complete application, no later than 5:00 p.m. (Eastern) on the day that is 10 days after the CIO:

- (i) Qeso must submit a letter of credit ("LOC") in the amount of 10% of each Institution's Title IV funding during its most recently completed fiscal year, which the Department has determined will be an LOC in the amount of \$153,581,458 for the University of Phoenix and in the amount of \$673,534 for Western International University; and
- (ii) Qeso must submit evidence of escrow accounts dedicated only to access by the Department of Education, which access shall be on the same bases upon which the Department could access any LOC, which is accessible in the sole discretion of the Secretary. The agreements with the bank establishing the escrow shall instruct the bank that the funds may not be accessed by any party other than the Department, including the parties establishing the account, until notice is provided by the Department to the bank. These requirements shall all be in a form acceptable to the Department. The escrow accounts shall be in the amount of an additional 15% of each institution's Title IV funding during its most recently completed fiscal year, which the Department has determined will be in the amount of \$230,372,187 for the University of Phoenix and in the amount of \$1,010,301 for Western International University; and
- (iii) The same day balance sheet for Qeso on the day of closing shall contain at least \$200 million in cash.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
Multi-Regional & Foreign School Participation Division
Union Center Plaza, 830 First Street, NE, 7th Floor, Washington, DC 20202
www.StudentAid.gov



University of Phoenix (OPE-ID: 02098800)
 Western International University (OPE-ID: 02171500)
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The Department will require Queso to maintain the LOCs and the escrow accounts reference in (i) and (ii) above for the entirety of the period of the TPPAs, and if the Department and the Institutions enter into Provisional Program Participation Agreements (“PPAs”), Queso will be required to maintain the LOCs and the escrow accounts (in such amount as determined by the Department) for the entirety of the period of participation under the PPAs.

Letter of Credit Provision for PPAs: The Letter of Credit Provision on page 5, which is Section 2.A. of the Letter, is modified to read as follows:

- As set forth above, Queso must submit 10% LOCs and 15% escrow agreements within 10 days following the LOC and escrow agreements to allow it to continue to participate under TPPAs;
- After it completes its review of the Institutions’ application for approval of the CIO, including its review of the same day balance sheet and any other relevant information, the Department may require that Queso post LOCs and/or escrow agreements in an amount greater than the 10% and 15% respectively, as a condition of the PPAs; and
- The Department will require Queso to maintain the LOCs and escrow agreements under the same terms for the entirety of the period of the PPAs.

Measure of Enrollment Levels: The Restrictions on New Programs/Locations/Enrollment Provision on page 5 is supplemented by adding a final sentence to the second bullet in Section 2.B. as follows:

- “For purposes of measuring enrollment, the actual enrollment on the first day of each of the 12 months prior to the change in ownership shall be added and the total shall be divided by 12. Total enrollment for each institution in its undergraduate programs and its graduate programs, each measured separately at each institution, shall at no time exceed this number.”

Measurement of Retention/Graduation Rates: The Retention/Graduation Rates Provision on page 8 is modified so that the first bullet in Section 2.1. reads as follows:

- Within 10 days following the Secretary’s execution of the PPAs, the Institutions must submit to the MR&FSPD a report of their retention and graduation rates for all programs in all locations. The retention rate shall be reported in the same format as those numbers were reported to IPEDS in the most recent IPEDs submission prior to the CIO. The graduation rate shall be determined and reported as follows: the separate number of undergraduate degrees and graduate degrees awarded at each institution divided by the separate number of full-time equivalent students in the undergraduate and graduate programs at each institution. This “10-day Report” should be submitted in spreadsheet format and identify the date the retention rates were reported to IPEDS; and the date the graduation rates were reported to the relevant accreditor.

Sincerely

Michael Frola
 Division Director