

March 17, 2014



Aspen Group Announces Increase in Revenues of 21% and Increase in Full-Time Degree Seeking Enrollments of 57% for Fiscal 2014 Third Quarter

School of Nursing Student Body Grows 168% Year-Over-Year and 22% Sequentially to 733 Students

NEW YORK, March 17, 2014 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCBB:ASPU), a nationally accredited online post-secondary education company (Aspen University), today announced results for its fiscal 2014 third quarter ended January 31, 2014.

Results from the Third Quarter include:

- Revenues of \$1,002,167, a 21% increase from the comparable prior year period, and a sequential quarterly increase of 13%;
- Adjusted Gross Profit margin, a non-GAAP financial measure, of 45% for the quarter, a year-over-year improvement of 12%. GAAP Gross Profit of 33% for the quarter, a year-over-year improvement of 12%;
- New class starts for the quarter increased to 1,235, a year-over-year increase of 14%; Average tuition per new class start increased to \$752, a year-over-year increase of 16%;
- 327 Full-Time Degree-Seeking Enrollments for the quarter sets a new corporate record, a 57% increase from the comparable prior year period, all the more impressive given the marketing spend rate decreased 8% year-over-year;
- Cost per degree-seeking enrollment drops to an all-time low of \$740;
- Aspen University's School of Nursing student body grew to 733 students, a year-over-year increase of 168% and up 22% sequentially; now represents 31% of Aspen's total full-time degree-seeking student body.

"Aspen's rapidly reaching scale through our innovative business model, which allows graduate students the opportunity to pay for their education with personal funds rather than student loans. Later this month, Aspen University expects to announce a new

corporate initiative that will further expand our value proposition – so stay tuned," said Aspen Group Chairman and CEO Michael Mathews.

Third Quarter Highlights

During the third quarter of fiscal 2014, Aspen University's full-time degree-seeking student body rose 10% sequentially to 2,392 students. Growth was paced by a 22% sequential rise in enrollments in Aspen's School of Nursing to 733 students, who now represent 31% of Aspen's total full-time degree-seeking student body. One year ago, Aspen had 274 students in its School of Nursing, equating to a year-over-year growth rate of 168%.

For the third quarter, revenues increased 13% sequentially and 21% from the comparable prior year period to \$1,002,167. In particular, Nursing program revenues rose 120% year-over-year to \$388,650 to represent 39% of Aspen's revenues. Additionally, revenues less instructional costs and services, marketing and promotional costs and amortization or Adjusted Gross Profit, increased to \$446,542 (a margin of 45% of revenues), a year-over-year improvement of 12%.

Adjusted EBITDA, a non-GAAP financial measure, dropped to a loss of (\$607,382), a sequential improvement of 18%. Net loss applicable to shareholders was (\$1,726,587), a sequential increase of 24%.

* Non-GAAP – Financial Measures

This press release includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income, operating income, and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of Aspen Group nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

Our management uses and relies on Adjusted EBITDA and Adjusted Gross Profit, each of which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described below.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before interest expense, amortization of prepaid stock, bad debt expense, depreciation and amortization, and amortization of stock-based compensation and other non-recurring

expenses. Aspen Group excludes the charges from these items because they are non-cash or non-recurring in nature. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

Aspen Group defines Adjusted Gross Profit as revenues less cost of revenues (instructional costs and services and marketing and promotional costs), but excluding the amortization of courseware and software. Adjusted Gross Profit excludes non-cash items and permits our management to focus on core operating results.

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measures calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between Aspen Group and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.

The following table presents a reconciliation of Adjusted EBITDA to Net loss, a GAAP financial measure:

	Three Months Ended		
	01/31/2014	10/31/2013	01/31/2013
Net loss allocable to common shareholders	\$ (1,726,587)	\$ (1,395,422)	\$ (1,034,589)
Interest Expense, net of interest income	78,854	52,168	2,916
Bad Debt Expense	120,000	15,000	—
Receivable Collateral Valuation Reserve	123,664	—	—
Depreciation & Amortization	121,904	119,651	111,862
Amortization of Prepaid Services	105,013	95,677	15,247
Amortization of Debt Issue Costs	56,865	20,193	—
Amortization of Debt Discount	124,343	50,008	—
Warrant conversion exercise expense	156,952	—	—
Stock-based compensation	98,609	147,974	153,273
Non-recurring charges	133,001	187,250	—
Adjusted EBITDA (Loss)	<u>\$ (607,382)</u>	<u>\$ (707,501)</u>	<u>\$ (751,291)</u>

The following table presents a reconciliation of Adjusted Gross Profit, a non-GAAP financial measure, to gross profit calculated in accordance with GAAP:

**For the
Three Months Ended**

	<u>January 31,</u>	
	<u>2014</u>	<u>2013</u>
Revenues	\$ 1,002,167	\$ 831,562
Costs of revenues (exclusive of amortization shown separately)	<u>555,625</u>	<u>557,689</u>
Gross profit (exclusive of amortization)	446,542	273,873
Amortization expenses excluded from cost of revenues	<u>112,635</u>	<u>103,055</u>
GAAP gross profit	<u>\$ 333,907</u>	<u>\$ 170,818</u>

About Aspen Group, Inc.

Aspen Group, Inc. is an online postsecondary education company. Aspen University's mission is to offer any motivated college-worthy student the opportunity to receive a high quality, responsibly priced distance-learning education for the purpose of achieving sustainable economic and social benefits for themselves and their families. Aspen is dedicated to providing the highest quality education experiences taught by top-tier faculty - 67% of our adjunct faculty hold doctoral degrees. To learn more about Aspen, visit www.aspen.edu.

CONTACT: Media Contact:
 Aspen Group, Inc.
 Michael Mathews, CEO
 914-906-9159



Source: Aspen Group, Inc.