April 18, 2013

Aspen Group Announces the Closing of $4.6mm Equity Offering

DENVER-- Aspen Group, Inc. (OTCBB: ASPU), owner of Aspen University Inc., a nationally accredited online postsecondary education company, announced today the closing of its private placement for $4.6mm to 51 institutional and accredited investors. The lead investor in the offering was Sophrosyne Capital LLC, based in New York.

Laidlaw & Company (UK), Ltd., acted as the lead Placement Agent in the offering conducted in the United States and Europe.

“This financing provides validation by the investment community of Aspen’s unique business model; (1) focusing on graduate students, (2) implementing all Internet marketing in-house thereby achieving sub-$1,000 enrollment costs, and (3) transferring that marketing efficiency to our students in the form of $350/credit hour tuition rates,” said Michael Mathews, Chairman & CEO of Aspen Group, Inc.

Mathews continued, “This model is not only the first of its kind in the online, for-profit postsecondary education sector, but it also supports the ability to deliver best-in class student outcomes. For example, in 2012 Aspen’s graduation rate was 58% and only 18% of revenues were from Title IV federal financial aid programs. This means that Aspen students are graduating on average with very low or no debt, which sets our graduates on a path to achieve economic benefit from their education much earlier than the sector has traditionally delivered.”

At Aspen Group’s recent Annual Shareholders Meeting, the Company announced that it expects to achieve cash-flow positive results when enrollments reach 2,500 full-time degree seeking students, and at 5,000+ full-time degree seeking students the Company forecasts approximately 70% gross margin and 30% Adjusted EBITDA profit margin, (a non-GAAP measure) compared to 18% Net Income profit margin (a GAAP measure). See the Form 8-K filed with the Securities and Exchange Commission on January 31, 2013. As of March 31, 2013, Aspen had 1,836 full-time degree seeking students enrolled and a total student body of 2,779. Finally, following the close of the private placement, Aspen Group’s cash position is now $1.25mm, a level expected to provide ample working capital to attain positive cash-flow in the coming months.

Mr. James Ahern, Managing Partner, Capital Markets at Laidlaw & Company (UK), stated, “Laidlaw is pleased to assist Aspen Group in raising the capital that will position the company to become a leading innovator in online education. These funds improve financial strength and allow Aspen to execute its growth plans. Laidlaw is proud to support Aspen Group as it offers a world-class educational experience for substantially lower cost than its online competitors.”

About Aspen Group, Inc.

Aspen Group, Inc. owns Aspen University Inc., a nationally accredited, online postsecondary education company established in 1987. Aspen University's mission is to become an institution of choice for adult learners by offering cost-effective, comprehensive and relevant online education. We are dedicated to helping our students exceed their personal and professional objectives in a socially conscious and economically sensible way. One of the key differences between Aspen University and other publicly-traded, exclusively online for-profit universities is that 87% of our full-time, degree-seeking students (as of March 31, 2013) are enrolled in a graduate degree program (master or doctorate degree program).

Aspen University is accredited by the Accrediting Commission of the Distance Education and Training Council (DETC). The Accrediting Commission of the Distance Education and Training Council is listed by the U.S. Department of Education as a nationally recognized accrediting agency, and is a recognized member of the Council for Higher Education Accreditation (CHEA).

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements including statements regarding our working capital, planned growth, achieving positive cash flow and future gross margin and Adjusted EDITDA rates. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Important factors that could cause actual results to differ from those in the forward-looking statements include competition, ineffective media and/or marketing, failure to maintain growth in degree seeking students, and failure to generate sufficient revenue. Further information on our risk factors is contained in our filings with the SEC, including the Prospectus dated April 12, 2013. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Regulation G – Non-GAAP Financial Measures

This press release refers to Adjusted EBITDA rates and the Form 8-K referred to above includes a discussion of Adjusted EBITDA, which is a non-GAAP financial measure. A reconciliation to the most directly comparable GAAP financial measure is provided below. The Company uses this financial measure which is not calculated and presented in accordance with U.S. generally accepted accounting principles in evaluating its financial and operational decision making and as a means to evaluate period-to period comparison. The Company presents this non-GAAP financial measure because it believes it to be an important supplemental measure of performance that is commonly used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

The Company defines Adjusted EBITDA as earnings (or loss) from continuing operations before interest expense, income taxes, depreciation and amortization, and amortization of non-cash stock-based compensation. The Company excludes stock-based compensation because it is non-cash in nature.

This Non-GAAP financial measure should not be considered as an alternative to net income, operating income, cash flow from operating activities, as a measure of liquidity or any other financial measure. It may not be indicative of the historical operating results of the Company nor is it intended to be predictive of potential future results. Investors should not consider this non-GAAP financial measure in isolation or as a substitute for performance measures calculated in accordance with GAAP.

The following is a reconciliation between the our non-GAAP financial measure and the most directly comparable GAAP measure:

Non GAAP – Adjusted EBITDA Margin	30 %
Interest expense, net	2 %
Bad debt expense	2 %
Depreciation & amortization	5 %
Stock-based compensation expense	3 %
GAAP – Adjusted Net Income Margin	18 %

Aspen Group, Inc.
David Garrity, CFO, 646-450-1843

Source: Aspen Group, Inc.