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Aspen Group Announces Increase in Revenues of 22% and Average Tuition Rate of 26% for Fiscal 2014 Second Quarter

New Class Starts Up 26% Sequentially

NEW YORK, Dec. 13, 2013 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCBB:ASPU), a nationally accredited online post-secondary education company (Aspen University), today announced results for its fiscal 2014 second quarter ended October 31st, 2013.

Results from the Second Quarter include:

- Revenues of $885,338, a 22% increase from the comparable prior year period;
- Adjusted Gross Profit margin of 44% for the quarter and a sequential quarterly increase of 4%;
- New class starts for the quarter, one of our primary revenue drivers, increased to 1,264, a year over year increase of 14% and a sequential quarterly increase of 26%;
- Average tuition per new class start increased to $755, a year over year increase of 26% and a sequential quarterly increase of 7%;
- 295 Full-Time Degree Seeking Enrollments for the quarter sets a new corporate record; Cost per degree-seeking enrollment drops to an all-time low of $850.

"Our revenues, adjusted gross profit margin and enrollments continue to rise consistent with our projections. One of the key reasons behind our momentum is the ground breaking Monthly Installment Plan we launched in June, allowing our graduate students to pay for their courses in three monthly installments over the 70-day term. In this first fiscal quarter ended since the announcement, already 10% of our new class starts are utilizing this payment approach. Consequently, we are well on our way to achieving our mission of building a 'cash-based' University, and we expect to announce new ground breaking initiatives consistent with our mission early in 2014," said Aspen Group Chairman and CEO Michael Mathews.

Second Quarter Highlights

During the second quarter of fiscal 2014, Aspen University's full-time degree-seeking student body rose 8% sequentially to 2,171 students. Growth was paced by a 28% sequential rise in enrollments in Aspen's School of Nursing to 600 students, which now represents 28% of Aspen's full-time degree-seeking student body. One year ago, Aspen had 217 students in its School of Nursing, meaning that the Nursing student body has grown by 176%.

For the second quarter, revenues of $885,338 increased 22% from the comparable prior year period. In particular, Nursing program revenues rose 150% to $381,742 to represent 43% of Aspen's revenues. Additionally, revenues less instructional costs and services and marketing and promotional costs or Adjusted Gross Profit, increased to 391,034 (a margin of 44% of revenues).

*** 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		
	10/31/2013	7/31/2013	10/31/2012
Net loss	$ (1,395,422)	$ (1,105,576)	$ (1,271,123)
Interest expense, net of interest income	52,168	15,871	47,988
Bad debt expense	15,000	13,837	48,476
Receivable collateral valuation reserve	--	--	193,198
Depreciation and amortization	119,651	109,435	105,707
Amortization of prepaid services	95,677	25,060	--
Amortization of debt issue costs	20,193	--	--
Amortization of debt discount	50,008	--	--
Stock-based compensation	147,974	149,356	99,360
Non-recurring charges	187,250	40,000	180,908
Adjusted EBITDA (Loss)	$ (707,501)	$ (752,017)	$ (595,486)

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 October 31,	
	2013	**2012**
Revenues	$ 885,338	$ 727,640
Cost of revenues (exclusive of depreciation and amortization shown separately)	494,304	387,052
Gross profit (exclusive of depreciation and amortization)	391,034	340,588
Depreciation and amortization expenses excluded from cost of revenues	110,460	97,758

GAAP gross profit	$ 280,574	$ 242,830

About Aspen Group, Inc.

Aspen Group, Inc. is an online post-secondary education company. 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 86% of our full-time degree-seeking students (as of October 31, 2013) are enrolled in a graduate degree program (master's or doctoral degree program). Aspen University is dedicated to providing the highest quality education experiences taught by top-tier faculty - 61% of our adjunct faculty holds doctoral degrees. To learn more about Aspen University, visit www.aspen.edu.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements including statements regarding our future growth and positive EBITDA results next calendar year.

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 comply with regulatory requirements including our ability to obtain permanent certification from our accreditor, and failure to generate sufficient revenue or raise sufficient capital in our current offering. Further information on our risk factors is contained in our filings with the SEC, including the Prospectus dated August 13, 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.

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