July 30, 2014

Aspen Group Announces Increase in Revenue of 28% and Adjusted Gross Profit Increase of 76% for Fiscal 2014 Fourth Quarter

Debtless College Education Solution Gaining Momentum

School of Nursing Student Body Grows 122% to 828 Students

NEW YORK, July 30, 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 fourth quarter ended April 30, 2014.

Results from the Fourth Quarter include:

- Revenues of $1,164,225, a 28% increase from the comparable prior year period;
- Adjusted Gross Profit margin, a non-GAAP financial measure, of 60% for the quarter, a sequential improvement of 1,000 basis points, and a year-over-year improvement of 76%;
- Cost per degree-seeking enrollment declined 36% year-over-year to an all-time low of $705;
- Aspen University's School of Nursing student body grew from 373 to 828 students or 122% year-over-year; now represents 33% of Aspen's total full-time degree-seeking student body, and is now Aspen's largest school.

"It's clear that Aspen's debtless solution to higher education continues to gain momentum. Our enrollments were up 16%, while our marketing spend declined 32% year-over-year, leading to a 1,700 basis point improvement to Adjusted Gross Profits," said Aspen Group Chairman and CEO Michael Mathews. "Many thanks to Aspen's management team for their leadership and dedication in delivering this innovative business model to the marketplace," continued Mathews.

Fourth Quarter Highlights

For the fourth quarter, revenues increased 28% from the comparable prior year period to $1,164,225. In particular, Nursing program revenues rose 127% year-over-year to $431,600 to represent 37% of Aspen's revenues.

Degree-seeking enrollments were up 16% while marketing spend declined 32%, leading to cost per enrollment declines of 36% year-over-year to a record low of $705.

Adjusted Gross Profit, a non-GAAP financial Measure, increased 1,700 basis points from the comparable prior year period to $694,904 or 60%. GAAP Gross Profit increased 103% from the comparable prior year period to $580,453 or 50%.

Adjusted EBITDA, a non-GAAP financial measure, dropped to a loss of ($375,720), a year-over-year improvement of 58%. Net loss applicable to shareholders was ($1,122,763), a sequential improvement of 35%.

*** 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 preferred dividends, interest expense, collateral valuation adjustment, bad debt expense, depreciation and amortization, warrant conversion expense, non-recurring charges and amortization of stock-based compensation. Aspen Group excludes the charges from collateral valuation adjustment, bad debt expense and stock based compensation because they are non-cash in nature. The preferred dividends were derived from Aspen University. Upon the closing of the Reverse Merger in March 2012, Aspen University preferred stock was exchanged for Aspen Group common stock and dividends will not accrue in the future. In 2014, Aspen Group excluded non-recurring charges.

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		
	4/30/2014	***1/31/2014***	***4/30/2013***
Net Loss	$ (1,122,763)	$ (1,726,587)	$ (1,132,037)
Interest expense, net of income	85,287	78,854	4,953
Bad debt expense	5,895	120,000	53,000
Depreciation and amortization	123,762	121,904	119,241
Receivable collateral valuation reserve	--	123,664	--
Amortization of prepaid services	--	105,013	--
Amortization of debt issue costs	54,599	56,865	--
Amortization of debt discount	120,289	124,343	--
Warrant conversion exercise expense	--	156,952	--
Other Miscellaneous Incomes			(66,268)
Stock-based compensation	212,489	98,609	104,159
Non-recurring charges	144,722	133,001	29,671
Adjusted EBITDA (Loss)	$ (375,720)	$ (607,382)	$ (887,281)

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 April 30,	
	2014	**2013**
Revenues	$ 1,164,225	$ 911,016
Costs of revenues (exclusive of amortization shown separately)	469,321	516,127

Gross profit (exclusive of amortization)	694,904	394,889
Amortization expenses excluded from cost of revenues	114,451	108,809
GAAP gross profit	$ 580,453	$ 286,080

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 - 61% of our adjunct faculty hold doctoral degrees. To learn more about Aspen, visit www.aspen.edu.

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