

December 1, 2014



Aspen Group Announces Record Revenues and Gross Profits for Fiscal 2015 Second Quarter

Revenues Increase 33% and Gross Profits Increase 84% Y/O/Y; Cost Per New Enrollment Drops to Record Low of \$544

School of Nursing Student Body Grows 71% to 1,026 Students

NEW YORK, Dec. 1, 2014 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCBB:ASPU), a nationally accredited online post-secondary education company (Aspen University), today announced results for its fiscal 2015 second quarter ended October 31, 2014.

Highlights from the second quarter include:

- Revenues of \$1,214,247, a 33% increase from the comparable prior year period;
- Gross Profit of \$680,409 or 56% of revenues for the quarter, a 84% increase from the comparable prior year period; Adjusted Gross Profit (exclusive of amortization), a non-GAAP financial measure, of \$800,921 or 66% of revenues for the quarter, a 67% increase from the comparable prior year period;
- Cost per new degree-seeking enrollment declined 33% year-over-year, from \$808 to a record low of \$544; primarily a result of Aspen achieving an 11% lead to new enrollment conversion rate;
- Aspen University's School of Nursing student body grew from 600 to 1,026 students or 71% year-over-year; now represents 37% of Aspen's total full-time degree-seeking student body of 2,811;
- The Commission on Collegiate Nursing Education (CCNE) granted accreditation to Aspen's Bachelor of Science in Nursing Program (RN to BSN).

"The closing of our \$5.4 million equity financing and the granting of accreditation of our RN to BSN program by the CCNE are two important milestones that will allow Aspen to scale its debtless education solution. We've now removed all roadblocks to achieving our near-term goal of communicating to all RNs in America that they now have the ability to earn a BSN or MSN debt free," said Aspen Group Chairman and CEO Michael Mathews.

Second Quarter Financial Highlights:

For the second quarter, revenues increased 33% from the comparable prior period to \$1,214,247. Nursing program revenues rose to \$483,050, which now represents 40% of Aspen's total revenues.

Gross Profit increased 84% to \$680,409 or 56% of revenues as compared to \$369,298 or 40% of revenues from the comparable prior year period, and Adjusted Gross Profit (exclusive of amortization), a non-GAAP financial measure, increased 67% to \$800,921 or 66% of revenues as compared to \$479,758 or 52% of revenues from the comparable prior year period.

Adjusted EBITDA, a non-GAAP financial measure, improved to a loss of (\$228,819) as compared to a loss of (\$707,501) in the comparable prior year period. Net loss applicable to shareholders was (\$1,131,361) as compared to a net loss of (\$1,395,422) a year ago. Note that Aspen expensed a one-time loss on debt extinguishment of \$452,503 in the quarter. Consequently, Aspen's operating income improved by 54% to a loss of (\$588,317) as compared to a loss of (\$1,276,909) in the comparable prior year period.

Aspen's final closing of a \$5.4 million private placement of equity securities in the quarter substantially improved its balance sheet. The Company retired early its outstanding institutional convertible debentures, improved its cash position to \$3 million and increased its stockholders equity to a positive \$1,871,883.

Aspen will be holding a conference call this afternoon at 5pm ET that can be accessed by dialing toll-free (844) 452-6823 (U.S.) or (731) 256-5216 (international). Subsequent to the call, a transcript of the audiocast will be available from Aspen's website at <http://ir.aspen.edu/>.

* **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, bad debt expense, depreciation and amortization, non-recurring charges and amortization of stock-based compensation. Aspen Group excludes the charges from bad debt expense and stock based compensation because they are non-cash in nature. In 2014, Aspen Group excludes non-recurring charges because they do not reflect any trend or reflect the ongoing performance of our business.

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:

	<u>Three Months Ended</u>		
	<u>10/31/2014</u>	<u>7/31/2014</u>	<u>10/31/2013</u>
Net loss allocable to common shareholders	\$ (1,131,361)	\$ (864,261)	\$ (1,395,422)
Interest Expense, net of interest income	29,625	78,417	52,168
Loss from Debt Extinguishment	452,503	—	—
Bad Debt Expense	—	105,511	15,000
Depreciation & Amortization	130,133	125,608	119,651
Amortization of Prepaid Services	—	—	95,677
Amortization of Debt Issue Costs	19,018	56,440	20,193
Amortization of Debt Discount	41,898	124,343	50,008
Stock-based compensation	114,435	97,203	147,974
Non-recurring charges	<u>114,930</u>	<u>23,019</u>	<u>187,250</u>
Adjusted EBITDA (Loss)	<u>\$ (228,819)</u>	<u>\$ (253,720)</u>	<u>\$ (707,501)</u>

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

<u>For the</u>	
<u>Three Months Ended</u>	
<u>October 31,</u>	
<u>2014</u>	<u>2013</u>

Revenues	\$1,214,247	\$ 914,132
Costs of revenues (exclusive of amortization shown separately)	<u>413,326</u>	<u>434,374</u>
Gross profit (exclusive of amortization)	800,921	479,758
Amortization expenses excluded from cost of revenues	<u>120,512</u>	<u>110,460</u>
GAAP gross profit	<u>\$ 680,409</u>	<u>\$ 369,298</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 - 61% 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

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