September 17, 2013

Aspen Group Announces Increase in Student Enrollments, Revenues & Gross Margin in Fiscal 2014 First Quarter

New Enrollments Up 19% Sequentially

NEW YORK, Sept. 17, 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 first quarter ended July 31st, 2013.

Results from the First Quarter include:

- Revenues of $929,993, a 33% increase from the comparable prior year period;
- Gross Profit of $261,088, an increase of $273,279 from the comparable prior year period. Adjusted Gross Profit* increased to $370,523, a 329% increase from the comparable prior year period;
- Adjusted Gross Profit margin of 40% as compared to a 12% margin in the comparable prior year period;
- Net loss decreased to $1,105,576, a 37% decline from the comparable prior year period. Adjusted EBITDA* increased by $629,737 to a loss of $792,017 from the comparable prior year period.

"The highlight of Aspen's first quarter was a 19% sequential increase in new enrollments – a performance achieved with no increase in our advertising budget -- even more impressive when you consider this was accomplished during the summer months, which is seasonally our weakest period. Our previous quarter investment in growing our call center has delivered immediate results. This enrollment growth sets the stage for accelerated top line growth in future quarters and positive EBITDA results in the next calendar year," said Aspen Group Chairman and CEO Michael Mathews.

First Quarter Highlights

During the first quarter of fiscal 2014, Aspen University's student body rose 7% sequentially to 3,015 with full-time degree-seeking student enrollments increasing 8% sequentially to 2,016. Growth was paced by a 25% sequential rise in enrollments in Aspen's School of Nursing to 467 students, representing 23% of Aspen's full-time degree-seeking student enrollments.

For the first quarter, revenues of $929,993 increased 33% from the comparable prior year period. In particular, Nursing program revenues rose 232% to $231,980 to represent 25% of Aspen's revenues. Additionally, revenues less instructional costs and services and marketing and promotional costs or Adjusted Gross Profit*, increased to $370,523 (a margin of 40% of revenues) from a comparable prior period Adjusted Gross Profit* of $86,380 (a 12% margin). Lastly, Adjusted EBITDA* improved by $629,737 to a loss of $792,017 from a prior year period loss of $1,421,754.

Fiscal Year 2014 Second Quarter Update

Thus far in the second quarter of fiscal year 2014, Aspen's operating metrics have improved substantially from the first quarter. At the half way point of the quarter, Aspen's average tuition rates are up over 8% sequentially. In addition, Aspen is tracking to achieve for the first time over 300 new enrollments for the quarter. The School of Nursing now has 546 students, which represents 26% of Aspen's full-time degree-seeking students. As of September 13, 2013, Aspen's full-time degree-seeking student enrollments stand at 2,127, with the total student body now at 3,168.

To view Aspen Group's complete financial results, please refer to the Company's Form 10-Q filed with the Securities and Exchange Commission on September 16, 2013.

*** 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. Aspen Group excludes the charges from these items because they are non-cash 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 allocable to common shareholders, a GAAP financial measure:

	Three Months Ended July 31,			
	2013	2012	Difference	Change %
Net loss allocable to common shareholders	$ (1,105,576)	$ (1,752,227)	$ 646,651	(37)%
Interest Expense, net of interest income	15,871	127,680	(111,809)	(88)%
Amortization of Prepaid Stock Issued for Services	25,060	--	25,060	100%
Bad Debt Expense	13,837	51,521	(37,684)	(73)%
Depreciation & Amortization	109,435	98,571	10,864	11%
Stock-based compensation	149,356	52,701	96,655	183%
Adjusted EBITDA (Loss)	$ (792,017)	$ (1,421,754)	$ 629,737	

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 July 31,	
	2013	2012
	(Unaudited)	
Revenues	$ 929,993	$ 698,152
Cost of revenues (exclusive of depreciation and amortization shown separately)	559,470	611,772
Adjusted Gross Profit (exclusive of depreciation and amortization)	370,523	86,380
Amortization expenses excluded from cost of revenues	109,435	98,571
"GAAP" Gross Profit	$ 261,088	$ (12,191)

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 July 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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