

Janet Gill:

Good afternoon. My name is Janet Gill and thank you for joining us today for Aspen Group's Fiscal Year 2015 second quarter earnings call. Please note that the company's remarks made during this call, including answers to questions, include forward-looking statements which are subject to various risks and uncertainties. These include statements relating to expectations from our Nursing programs, increase in marketing spend, growth in revenue and adjusted EBITDA. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance.

A discussion of risks and uncertainties related to our business is contained in our filings with the Securities and Exchange Commission, particularly the section titled Risk Factors in our Form 10-K for the fiscal year ended April 30, 2014. Aspen Group disclaims any obligation to update any forward-looking statement as a result of future developments.

Also, I'd like to remind you that during the course of this conference call we will discuss adjusted EBITDA and adjusted Gross Profit, which are non-GAAP measures, in talking about the Company's performance. Reconciliation to the most directly comparable GAAP financial measures are provided in the tables in the press release issued by the Company today. There will be a transcript of this conference call available for 1 year at the Company's website. I would now like to turn the call over to the Chairman & CEO of Aspen Group, Mr. Michael Mathews.

Mike Mathews:

Thank you, Janet. Joining me on the call today is Janet Gill, our Executive Vice President and interim Chief Financial Officer. I'll begin today by reviewing the highlights of our second quarter, then I'll provide comments on our business strategy in the coming quarters. After my prepared remarks, we'll then turn to Q&A.

To open, we set new records this quarter for Revenues, Gross Profit, Average Cost Per New Student Enrollment, and Lead to Conversion Rate. Quarterly revenues were \$1,214,247, which represents an increase of 33% year-over-year. Aspen Group's gross profit for the 2nd quarter totaled \$680,409 or 56% of revenues, which represents an 84% increase y/y. Our adjusted gross profit (exclusive of amortization) totaled \$800,921 or 66% of revenues, which represents a 67% increase y/y.

Aspen's marketing efficiency this quarter is clearly the highlight. The company decreased its marketing spend 37% y/o/y, while new student enrollments increased 14% over the period. The reason aspen was able to increase its enrollments, while at the same time materially decreasing its marketing spend is a direct result of the implementation of our 'debtless education vision' which we announced back in march.

As you're likely aware, back in march, aspen announced a monthly payment plan for all students, allowing graduate students to pay their program tuition at \$325 per month for 36 months, and undergraduate students to pay \$250 per month for 60 months – thereby giving all aspen students the opportunity to earn a degree debt free. Since that announcement our lead to enrollment conversion rate has jumped from 8.2% to 10.6% on a y/o/y basis our conversion rate has jumped from 7.7% to 10.6%, which is an enviable conversion rate improvement of 38% y/o/y.

More enviable is the fact that our average cost per new enrollment has dropped to a record low of \$544. That's stunning when compared to other online, for-profit universities that report average enrollment costs in the \$4K to \$6K thousand range.

Our Adjusted EBITDA consequently improved in the quarter to a loss of \$(228,819), an

improvement of 68% Y/O/Y. Operating income also improved substantially Y/O/Y, improving 54% to a loss of \$(588,317).

The Company extinguished its institutional convertible debt in the quarter, pre-paying off the principle and interest totaling \$2.31 million. Consequently, the Company expensed a one-time Loss on Debt Extinguishment of \$(452,503) in the quarter, which resulted in a Net Income Loss of \$(1,131,361) or a Loss Per Share of One Cent (\$0.01). From a balance sheet perspective, obviously the closing of a \$5.4 million private placement of equity in the quarter was the highlight. This not only allowed the Company to early retire the aforementioned institutional debt, but it also improved our cash position to \$3 million, it increased our current ratio to 2.31, and it improved our stockholders equity to a positive \$1,871,883. In short, the equity financing has now put the Company in a position to begin scaling its 'Debtless Education Solution'.

Let's now discuss our future business strategies.

As most of you are aware, Aspen's growth the past two years has been primarily in the School of Nursing. At the start of 2012, the School of Nursing accounted for only 5% of Aspen's full-time degree-seeking student body. Today, it has risen to 37% of our full-time degree-seeking student body. Y/O/Y, Aspen's Nursing student body grew from 600 students to 1,026, which represented 67% of Aspen's overall full-time degree-seeking student body growth, as Aspen overall grew from 2,171 to 2,811 full-time, degree-seeking students.

Almost all our Nursing students today are in one of Aspen's MSN (or Master of Science in Nursing) degree programs. Therefore, all this growth at Aspen the past few years was focused on the graduate niche of Nursing education. To give you an idea of why I call that a niche, that's because approximately only 13% of Registered Nurses today hold a Master's degree or higher. Approximately another 42% hold a Bachelor's degree, while the remaining 45% of RNs today do not yet hold a Bachelor's degree. This demographic, the approximate 45% of RNs that do not yet hold a Bachelor's degree, is the next significant growth driver for Aspen University.

Three weeks ago, Aspen announced that it has been granted accreditation by the Commission on Collegiate Nursing Education (or CCNE) for its Bachelor of Science in Nursing Program (or RN to BSN program). Everyone should be aware that this is a seminal moment in Aspen's history. We've had tremendous success growing our graduate program in Nursing, offering RNs the ability to pay \$325 per month to attain their Master degree without incurring debt.

Now, we will begin marketing to the mass market of RNs that have yet to earn their 4-year Bachelor's degree....and we are offering these RNs the ability to pay only \$250 per month over 39 months to pay for their 10-course BSN completion program. We have tremendous confidence that this program will become extremely popular among RNs in America, and we expect this program will be the primary growth driver for Aspen in the next 2-3 years, together with our MSN program.

Today, as we announced earlier, we're growing on the top line at a rate of 33% Y/O/Y. To drive further growth, we doubled the number of Enrollment Advisors in our enrollment center during October, and just began marketing our BSN program a few weeks ago. It's important to note that Aspen's lead to enrollment timeframe is on average approximately 90 days. Given students take their first course over the following 90 day period, revenue growth from the BSN program should begin to be reflected in our fourth fiscal quarter...in other words two quarters from now.

As a result of the growth of the BSN program, we are expecting our overall revenue growth rate

to exceed 50% in fiscal year 2016 compared to fiscal year 2015 revenues.

Over the next few quarters, we are planning to double our marketing spend rate (and, as mentioned, we have doubled our enrollment center in tandem with this plan). Given it takes two quarters to begin deriving revenues from that investment spending, expect our Adjusted EBITDA loss to increase over the next few quarters. We expect revenues to ramp rapidly thereafter, giving us the level of scale necessary to being generating positive cash flow.

Finally, in terms of Aspen's cap table, as of October 31, 2014 we had 112.5 million shares of common stock outstanding. We had 44 million warrants outstanding at a weighted average exercise price of 25 cents (\$0.25). And we had approximately 13.3 million stock options outstanding at a weighted average exercise price of 21 cents (\$0.21).

That ends our prepared comments for this afternoon, now we'd like to open the call to address questions.

OPERATOR - QUESTIONS & ANSWERS

Janet Gill:

Our first question submitted this afternoon is:

Question: Do you have plans to uplist in the near future, and will you need to implement an equity financing in the future to meet the requirements?

Mike Mathews:

Answer: We do not have near-term plans to uplist, however the company does aspire to uplist no later than Fiscal Year 2017. By the end of fiscal year 2017, we expect a substantial number of warrants to be converted which will increase our stockholders equity – therefore that may allow us to meet the guidelines for an uplist without implementing an additional equity financing.

Janet Gill:

Our second question submitted this afternoon is:

Question: How much larger is the market size for the undergraduate BSN program vs. the graduate MSN program?

Mike Mathews:

Answer: There's approximately 2.8 million RNs in America today. Approximately 365,000 RN's today hold an MSN or higher degree, compared to approximately 1.5 million RN's that hold a BSN or higher. So today the market size is approximately 4 times larger. We expect that between now and 2020, the total RN population in America will grow by 19% to 3.24 million RNs, and we believe demand for BSN degree's during this timeframe will be at least 5 times higher than for graduate Nursing degrees. That's why Aspen attaining its BSN accreditation this month was so important to our plans to rapidly expand our nursing school.

Thank you for your questions. I want to thank everybody for joining us this afternoon. The team here looks forward to talking with you again soon.