

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC.

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. REPORTS FISCAL 2012 FIRST QUARTER RESULTS

Company to host conference call on October 6, 2011, at 11:00 a.m. ET

Financial and Operational Highlights

- * Enrollment by headcount increased 13.7% over the prior year to 9,390 students as of August 31, 2011.
- * FY 2012 first quarter total revenue increased 9.6% to \$25.4 million from \$23.2 million in the prior-year period with the Company's academic segment's revenue increasing 10.7% to \$25.1 million, compared to \$22.7 million in the FY 2011 first quarter.
- * FY 2012 first quarter net income attributable to the Company was \$1.0 million, compared to \$1.3 million in the prior-year period, primarily due to increased educational service and SG&A expenses incurred from the expansion and development of physical locations; FY 2012 first quarter EBITDA was \$2.7 million, compared to \$2.8 million in the prior-year period.
- * The Company's Board of Directors declared a cash dividend in the amount of \$0.03 per share on all shares of the Company's common stock outstanding and of record as of the close of business on September 30, 2011, to be paid on or about October 7, 2011.
- * Balance sheet at August 31, 2011, included cash and cash equivalents and investments of \$43.7 million; working capital of \$38.1 million; no short-term borrowings or long-term debt; and stockholders' equity of \$58.9 million.

Rapid City, South Dakota, October 5, 2011 — National American University Holdings, Inc. (the "Company") (NASDAQ: NAUH), which through its wholly owned subsidiary operates National American University ("NAU"), a regionally accredited, proprietary, multi-campus institution of higher learning, today reported unaudited financial results for its fiscal year 2012 first quarter ended August 31, 2011.

The Company, through its wholly owned subsidiary, operates in two business segments: academic segment, which consists of NAU's undergraduate and graduate education programs and contributes the primary portion of the Company's revenue; and ownership in multiple apartments and condominium complexes from which it derives sales and rental income. The real estate operations generated approximately 1% of the Company's revenues for the quarter ended August 31, 2011.

Ronald L. Shape, Ed.D., Chief Executive Officer of the Company, commented, "We are pleased with NAU's double-digit growth in enrollment and revenues during the fiscal 2012 first quarter, despite difficult conditions in our sector. We believe that NAU will continue to benefit from steady expansion and that our enrollment will continue to grow as we open new physical locations and bring new academic programs to existing campuses. While the regulatory approval process for opening geographic locations has lengthened significantly, which has had a negative impact on our short-term enrollment growth, our goal for this year remains to open six to eight new locations. We made improvements at several already existing locations and began the process of building out new hybrid learning centers in Minnesota and Texas during the period. While we incurred additional operating expenses to finance these expansion opportunities without offsetting them with revenue, we feel these investments will generate positive long-term returns for our Company. We are also working with the appropriate governing bodies to obtain the necessary approvals to expand our nursing program into New Mexico and Texas, further building upon our position in a market that we feel has incredible demand. We remain steadfast in our commitment to providing our students with a quality education, along with the necessary support infrastructure that will enable them to succeed in any job market once they graduate from our institution."

Facility Expansion

The Company's wholly owned subsidiary currently owns one property and leases 34 locations for educational sites in the states of Colorado, Kansas, Minnesota, Missouri, Nebraska, New Mexico, Oklahoma, Oregon, South Dakota and Texas. The following sites are pending regulatory approvals:

- Mesquite, TX
- Weldon Spring, MO
- Richardson, TX
- Tigard, OR
- Georgetown, TX
- Rochester, MN

NAU has continued to expand its academic and degree programs online, which has continued to grow. In addition, NAU continues to operate hybrid learning centers, which utilize small physical facilities in strategic geographic areas, allowing its students to meet face-to-face with staff for assistance on their educational choices and related services while completing the majority of the coursework online.

During fiscal year 2012, the Company plans to continue executing on its campus expansion plans. The Company continues to closely track the expenditures associated with these new educational sites, new program development and program expansion within the selling, general and administrative expense category. For the three months ended August 31, 2011, business expansion and program development expenditures totaled \$3.8 million, compared to \$2.5 million in the same period in fiscal year 2010. Since 2005, NAU has invested over \$38 million to expand and develop physical locations and academic programming.

Upon receiving regulatory approval, NAU's hybrid learning centers have historically become profitable within 12 to 18 months and, on average, each center achieves enrollment of approximately 150 students.

Student Enrollment

Though the summer term is typically NAU's slowest enrollment period due to seasonality caused by traditional summer breaks, total NAU student enrollment for the summer term of 2011 increased 13.7% to 9,390 students, up from 8,255 in the last summer term. Students enrolled in 81,175 credit hours compared to 72,993 credit hours in the summer term of last year. The current average age of NAU's students is 34 years, with those seeking undergraduate degrees remaining the highest portion of NAU's student population (virtually unchanged from the prior year).

The following is a summary of student enrollment at August 31, 2011, and August 31, 2010, by degree type and by instructional delivery method:

	August 31, 2011		August 31, 2010	
	No. of Students	% of Total	No. of Students	% of Total
Graduate	345	3.7%	342	4.1%
Undergraduate and Diploma	9,045	96.3%	7,913	95.9%
Total	9,390	100.0%	8,255	100.0%
	August 31, 2011		August 31, 2010	
	No. of Students	% of Total	No. of Students	% of Total
Online	4,610	49.1%	3,584	43.4%
On-Campus	3,364	35.8%	3,283	39.8%
Hybrid	1,416	15.1%	1,388	16.8%
Total	9,390	100.0%	8,255	100.0%

FY 2012 First Quarter Financial Results

- The Company's total revenues for the three months ended August 31, 2011 increased 9.6% to \$25.4 million from \$23.2 million for the same period last year. As a result of the increase in enrollment, the academic segment's total revenue increased 10.7% to \$25.1 million from \$22.7 million for the prior-year period.
- Educational services expense specifically relates to the academic segment, and includes salaries and benefits of faculty and academic administrators, costs of educational supplies, facility costs, faculty reference and support material and related academic costs. For the three months ended August 31, 2011, this expense was \$6.4 million, or 25.3% of the academic segment's total revenue, compared to \$5.2 million, or 23.1%, for the three months ended August 31, 2010. This increase was primarily a result of additional expenses incurred from the expansion and development of physical locations.
- During the fiscal year 2012 first quarter, the Company's selling, general and administrative (SG&A) expenses were \$16.8 million, or 66.8% of NAU's revenues, compared to \$15.0 million, or 65.9%, in the prior-year period. This increase was primarily due to a \$1.3 million increase in spending for business expansion and development of NAU's physical locations and academic programming. The Company believes, as has been the case historically, as new programs and specializations develop, it will realize additional increases in enrollment and gain numerous efficiencies and economies of scale through delivery of instruction and more efficient marketing.
- The Company's income before income taxes and non-controlling interest for the three months ended August 31, 2011, was \$1.8 million, compared to \$2.2 million for the same period last year. This decrease was primarily due to higher educational service expense and SG&A expenses.
- Net income attributable to the Company for the fiscal year 2012 first quarter was \$1.0 million, or \$0.04 per diluted share based on 27.1 million shares outstanding, compared to \$1.3 million, or \$0.05 per diluted share of common stock, in the prior-year period.
- The Company's EBITDA for the first quarter of FY 2012 was \$2.7 million, compared to \$2.8 million in the prior-year period. A table reconciling EBITDA to net income can be found at the end of this release.

Balance Sheet Highlights

<i>(in millions except for percentages)</i>	<u>8/31/2011</u>	<u>5/31/2011</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 20.8	\$ 25.7	-19.3%
Short Term Investments	23.0	19.1	20.4%
Working Capital	38.1	39.5	-3.5%
Total Long-term Debt	0	0	N/A
Stockholders' Equity	58.9	58.5	0.6%

Conference Call Information

The Company will discuss these results in a conference call (with accompanying presentation) on October 6, 2011, at 11:00 a.m. ET.

The dial-in numbers are:
(877) 407-8033 (U.S.)
(201) 689-8033 (International)

Accompanying Slide Presentation and Webcast

The Company will also have an accompanying slide presentation available in PDF format at the "Investor Relations" section of the NAU website at <http://www.national.edu/InvestorRelations>. The presentation will be made available 30 minutes prior to the conference call. In addition, the call will be simultaneously webcast over the Internet via the "Investor Relations" section of the NAU website or by clicking on the conference call link: <http://www.investorcalendar.com/IC/CEPage.asp?ID=165988>.

About National American University Holdings, Inc.

National American University Holdings, Inc., through its wholly owned subsidiary, operates National American University ("NAU"), a regionally accredited, proprietary, multi-campus institution of higher learning offering associate, bachelor's, and master's degree programs in health care and business-related disciplines. Accredited by The Higher Learning Commission and a member of the North Central Association of Colleges and Schools, NAU has been providing technical and professional career education since 1941. NAU opened its first campus in Rapid City, South Dakota, and has since grown to multiple locations throughout the central United States. In 1998, NAU began offering online courses. Today, NAU offers degree programs in traditional, online, and hybrid formats, which provides students increased flexibility to take courses at times and places convenient to their busy lifestyles.

Forward Looking Statements

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the Company's business. Statements made in this release, other than those concerning historical financial information, may be considered forward-looking statements, which speak only as of the date of this release and are based on current beliefs and expectations and involve a number of assumptions. These forward-looking statements include outlooks or expectations for earnings, revenues, expenses or other future financial or business performance, strategies or expectations, or the impact of legal or regulatory matters on business, results of operations or financial condition. Specifically, forward-looking statements may include statements relating to the future financial performance of the Company; the ability to continue to receive Title IV funds; the growth of the market for the Company's services; expansion plans and opportunities; consolidation in the market for the Company's services generally; and other statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions. These forward-looking statements involve a number of known and unknown risks and uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by those forward-looking statements. Other factors that could cause the Company's results to differ materially from those contained in its forward-looking statements are included under, among others, the heading "Risk Factors" in the Company's Annual Report on Form 10-K, which was filed on August 5, 2011, and in its other filings with the Securities and Exchange Commission. The Company assumes no obligation to update the information contained in this release.

Contact Information:

National American University Holdings, Inc.

Dr. Ronald Shape

605-721-5220

rshape@national.edu

Investor Relations Counsel

The Equity Group Inc.

Adam Prior

212-836-9606

aprior@equityny.com

Carolyn Yu

212-836-9610

cyu@equityny.com

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED AUGUST 31, 2011 AND AUGUST 31, 2010 (In thousands except share data)

	Three Months Ended August 31,	
	2011	2010
REVENUE:		
Academic revenue	\$ 23,700	\$ 21,258
Auxiliary revenue	1,427	1,447
Rental income — apartments	270	243
Condominium sales	0	224
Total revenue	25,397	23,172
OPERATING EXPENSES:		
Cost of educational services	6,352	5,239
Selling, general and administrative	16,775	14,954
Auxiliary expense	640	674
Cost of condominium sales	0	193
(Gain) loss on disposition of property	(132)	10
Total operating expenses	23,635	21,070
OPERATING INCOME	1,762	2,102
OTHER INCOME:		
Interest income	41	40
Other income — net	31	26
Total other income	72	66
INCOME BEFORE INCOME TAXES	1,834	2,168
INCOME TAX EXPENSE	(728)	(820)
NET INCOME	1,106	1,348
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(83)	(8)
NET INCOME ATTRIBUTABLE TO NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES	1,023	1,340
OTHER COMPREHENSIVE INCOME (LOSS) — Unrealized gains (losses) on investments	(12)	16
COMPREHENSIVE INCOME ATTRIBUTABLE TO NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC.	\$ 1,011	\$ 1,356
Basic net earnings attributable to National American University Holdings, Inc.	\$ 0.04	\$ 0.05
Diluted net earnings attributable to National American University Holdings, Inc.	\$ 0.04	\$ 0.05
Basic weighted average shares outstanding	26,710,881	26,242,653
Diluted weighted average shares outstanding	27,076,548	27,083,579

**NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC.
AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS OF AUGUST 31, 2011 AND AUDITED CONDENSED
CONSOLIDATED BALANCE SHEET AS OF MAY 31, 2011
(In thousands except share data)**

	August 31, 2011	May 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 20,765	\$ 25,716
Short term investments	22,976	19,085
Student receivables — net of allowance of \$461 and \$223 at August 31, 2011 and May 31, 2011, respectively	2,114	2,010
Other receivables	649	425
Bookstore inventory	979	1,057
Income tax receivable	484	1,260
Deferred income taxes	1,983	1,723
Prepaid and other current assets	428	559
Total current assets	<u>50,378</u>	<u>51,835</u>
Total Property and Equipment - Net	<u>23,052</u>	<u>21,265</u>
OTHER ASSETS:		
Condominium inventory	2,664	2,664
Land held for future development	312	312
Course development — net of accumulated amortization of \$1,484 and \$1,415 at August 31, 2011 and May 31, 2011, respectively	1,035	956
Other	991	906
	<u>5,002</u>	<u>4,838</u>
TOTAL	<u>\$ 78,432</u>	<u>\$ 77,938</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,294	\$ 4,430
Dividends payable	827	831
Student accounts payable	747	400
Deferred income	265	294
Accrued and other liabilities	5,150	6,403
Total current liabilities	<u>12,283</u>	<u>12,358</u>
DEFERRED INCOME TAXES	<u>2,827</u>	<u>2,827</u>
OTHER LONG-TERM LIABILITIES	<u>4,471</u>	<u>4,248</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.0001 par value (50,000,000 authorized; 27,900,965 issued and 26,886,071 outstanding as of August 31, 2011; 27,546,499 issued and 26,886,071 outstanding as of May 31, 2011)	3	3
Additional paid-in capital	56,848	56,643
Retained earnings	9,762	9,549
Treasury stock, at cost (1,014,894 shares at August 31, 2011 and 1,000,000 at May 31, 2011)	(7,648)	(7,505)
Accumulated other comprehensive income	60	72
Total National American University Holdings, Inc. stockholders' equity	<u>59,025</u>	<u>58,762</u>
Non-controlling interest	(174)	(257)
Total equity	<u>58,851</u>	<u>58,505</u>

The following table provides a reconciliation of net income attributable to the Company to EBITDA:

	Three Months Ended August 31,	
	2011	2010
	(dollars in thousands)	
Net Income attributable to the Company	\$ 1,023	\$ 1,340
Income (Loss) attributable to non-controlling interest	83	8
Interest Income	(41)	(40)
Interest Expense	0	0
Income Taxes	728	820
Depreciation and Amortization	<u>879</u>	<u>637</u>
 EBITDA	 \$ 2,672	 \$ 2,765

Consists of income attributable to the Company, less income from non-controlling interest, plus loss from non-controlling interest, minus interest income, plus interest expense, plus income taxes, plus depreciation and amortization. The Company uses EBITDA as a measure of operating performance. However, EBITDA is not a recognized measurement under U.S. generally accepted accounting principles, or GAAP, and when analyzing its operating performance, investors should use EBITDA in addition to, and not as an alternative for, income as determined in accordance with GAAP. Because not all companies use identical calculations, its presentation of EBITDA may not be comparable to similarly titled measures of other companies and is therefore limited as a comparative measure. Furthermore, as an analytical tool, EBITDA has additional limitations, including that (a) it is not intended to be a measure of free cash flow, as it does not consider certain cash requirements such as tax payments; (b) it does not reflect changes in, or cash requirements for, its working capital needs; and (c) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements, or future requirements for capital expenditures or contractual commitments. To compensate for these limitations, the Company evaluates its profitability by considering the economic effect of the excluded expense items independently as well as in connection with its analysis of cash flows from operations and through the use of other financial measures.

The Company believes EBITDA is useful to an investor in evaluating its operating performance because it is widely used to measure a company's operating performance without regard to certain non-cash expenses (such as depreciation and amortization) and expenses that are not reflective of its core operating results over time. The Company believes EBITDA presents a meaningful measure of corporate performance exclusive of its capital structure, the method by which assets were acquired and non-cash charges, and provides us with additional useful information to measure its performance on a consistent basis, particularly with respect to changes in performance from period to period.