

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC.

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. REPORTS FISCAL 2013 FIRST QUARTER RESULTS

Company to host conference call on October 4, 2012, at 11:00 a.m. EDT

Financial and Operational Highlights

- * Enrollment by headcount increased 10.2% over the same period last year to 10,350 students as of August 31, 2012.
- * FY 2013 first quarter total revenue increased 16.0% to \$29.5 million from \$25.4 million in the prior-year period with the Company's academic segment's revenue increasing 16.1% to \$29.2 million, compared to \$25.1 million in the FY 2012 first quarter.
- * The Company reported a FY 2013 first quarter net loss attributable to the Company of \$0.2 million, compared to net income attributable to the Company of \$1.0 million in the prior-year period, primarily due to selling, general, and administrative (SG&A) expenses incurred for additional expenses related to ramping up operations at NAU's new physical locations and increased expenses incurred for insurance claims; FY 2013 first quarter EBITDA was \$1.4 million, compared to \$2.7 million in the prior-year period.
- * The Board of Directors declared a cash dividend in the amount of \$0.04 per share on all shares of the Company's common stock outstanding and of record as of the close of business on September 30, 2012, which is to be paid on or about October 5, 2012.
- * Balance sheet at August 31, 2012, included cash and cash equivalents and investments of \$27.8 million; working capital of \$21.8 million; no short-term borrowings or long-term debt; and stockholders' equity of \$49.6 million.

Rapid City, South Dakota, October 3, 2012 — 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 FY 2013 first quarter ended August 31, 2012.

Ronald L. Shape, Ed.D., Chief Executive Officer of the Company, commented, "We were pleased to achieve double-digit growth in enrollment and revenue in the summer 2012 term, which tends to be a seasonally weaker period. Despite the continued difficult climate in our industry, NAU's enrollment increased 10.2% from the same period last year to 10,350 students. We continue to focus on our strategic goals for fiscal 2013, transitioning from geographic expansion to growing enrollment at our current locations, reducing expenditures to build efficiencies, and achieving greater economies of scale. We anticipate we will continue to see improvement over the next several quarters as the newer locations contribute to the Company's top line growth."

Operating Review

NAU currently owns one property and leases 37 physical properties in the states of Colorado, Indiana, Kansas, Minnesota, Missouri, Nebraska, New Mexico, Oklahoma, Oregon, South Dakota and Texas. Several sites operate as hybrid learning centers in strategic geographic locations. These centers utilize small physical facilities through which the university provides face-to-face support services as students participate in select, traditional classroom courses while completing their remaining coursework online.

Of the Company's 37 campuses, the following sites are pending regulatory approvals:

- Tigard, OR
- Indianapolis, IN
- Roueche Graduate Center in Austin, TX
- Houston, TX

10.2% Enrollment Increase

Total NAU student enrollment for the summer term of 2012 increased 10.2% to 10,350 students, up from 9,390 in the last summer term. Students enrolled in 89,363 credit hours compared to 81,175 credit hours in the summer term of

last year. The current average age of NAU's students is in the mid-30s, with those seeking undergraduate degrees remaining the highest portion of NAU's student population.

The following is a summary of student enrollment at August 31, 2012, and August 31, 2011, by degree type and by instructional delivery method:

	August 31, 2012		August 31, 2011	
	No. of Students	% of Total	No. of Students	% of Total
Graduate	338	3.3%	345	3.7%
Undergraduate and Diploma	10,012	96.7%	9,045	96.3%
Total	10,350	100.0%	9,390	100.0%

	August 31, 2012		August 31, 2011	
	No. of Students	% of Total	No. of Students	% of Total
Online	6,068	58.6%	4,610	49.1%
On-Campus	2,536	24.5%	3,364	35.8%
Hybrid	1,746	16.9%	1,416	15.1%
Total	10,350	100.0%	9,390	100.0%

Financial Review

The Company, through its wholly owned subsidiary, operates in two business segments: the 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 revenues for the quarter ended August 31, 2012.

Fiscal 2013 First Quarter Financial Results

- Total revenues for the FY 2013 first quarter increased 16.0% to \$29.5 million from \$25.4 million for the same period last year. As a result of NAU's enrollment growth, the academic segment's total revenue increased 16.1% to \$29.2 million from \$25.1 million for the prior-year period.
- For the FY 2013 first quarter, educational services expense was \$7.1 million, or 24.5% of the academic segment's total revenue, compared to \$6.4 million, or 25.3%, for the FY 2012 first quarter.

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.

- During the FY 2013 first quarter, SG&A expenses were \$20.4 million, or 69.3% of total revenues, compared to \$16.8 million, or 66.1%, in the prior-year period. The increase was primarily due to additional costs related to ramping up operations at NAU's new physical locations, including \$1.4 million for 83 new staff members to provide the support services necessary for NAU's growing student population, as well as \$0.4 million in increased expenses for health-related insurance claims. The Company also incurred additional expenses to sustain ongoing operations that provide the support and services necessary for the growing student population.
- The Company reported a loss before income taxes and non-controlling interest for the FY 2013 first quarter of \$0.2 million, compared to income before income taxes and non-controlling interest of \$1.8 million for the same period last year. The loss was primarily due to the higher SG&A expenses described above.

- Net loss attributable to the Company for the FY 2013 first quarter was \$0.2 million, or \$0.01 per diluted share based on 25.6 million shares outstanding, compared to net income attributable to the Company of \$1.0 million, or \$0.04 per diluted share based on 27.1 million shares outstanding, in the prior-year period.
- EBITDA for the FY 2013 first quarter was \$1.4 million, compared to \$2.7 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>8/31/2012</u>	<u>5/31/2012</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 16.4	\$ 15.7	4.9%
Available for Sale Investments	11.4	14.9	-23.6%
Working Capital	21.8	24.6	-11.2%
Total Long-term Debt	0	0	N/A
Stockholders' Equity	49.6	50.7	-2.2%

Quarterly Dividend

On August 27, 2012, the Board of Directors declared a cash dividend in the amount of \$0.04 per share on all shares of the Company's common stock outstanding and of record as of the close of business on September 30, 2012, to be paid on or about October 5, 2012. This quarterly \$0.04 dividend represents a 23% increase over the previous quarter's \$0.0325 dividend.

Conference Call Information

Management will discuss these results in a conference call (with accompanying presentation) on October 4, 2012, at 11:00 a.m. EDT.

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=169773>.

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 provide 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, filed on August 3, 2012, and in its other filings with the Securities and Exchange Commission. The Company assumes no obligation to update the information contained in this release.

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NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED AUGUST 31, 2012 AND AUGUST 31, 2011 (In thousands except share data)

	Three Months Ended August 31,	
	2012	2011
REVENUE:		
Academic revenue	\$ 26,477	\$ 23,700
Auxiliary revenue	2,699	1,427
Rental income — apartments	274	270
Total revenue	<u>29,450</u>	<u>25,397</u>
OPERATING EXPENSES:		
Cost of educational services	7,135	6,352
Selling, general and administrative	20,421	16,775
Auxiliary expense	1,843	640
(Gain) loss on disposition of property	73	(132)
Total operating expenses	<u>29,472</u>	<u>23,635</u>
OPERATING INCOME (LOSS)	<u>(22)</u>	<u>1,762</u>
OTHER INCOME (EXPENSE):		
Interest income	31	41
Interest expense	(253)	0
Other income — net	35	31
Total other income (expense)	<u>(187)</u>	<u>72</u>
INCOME (LOSS) BEFORE INCOME TAXES	(209)	1,834
INCOME TAX (EXPENSE) BENEFIT	<u>58</u>	<u>(728)</u>
NET INCOME (LOSS)	(151)	1,106
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	<u>(13)</u>	<u>(83)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES	(164)	1,023
OTHER COMPREHENSIVE LOSS —		
Unrealized losses on investments, before tax	(22)	(12)
Income tax benefit related to items of other comprehensive loss	<u>0</u>	<u>0</u>
OTHER COMPREHENSIVE LOSS, NET OF TAX	<u>(22)</u>	<u>(12)</u>
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC.	<u>\$ (186)</u>	<u>\$ 1,011</u>
Basic net earnings (loss) attributable to National American University Holdings, Inc.	\$ (0.01)	\$ 0.04
Diluted net earnings (loss) attributable to National American University Holdings, Inc.	\$ (0.01)	\$ 0.04
Basic weighted average shares outstanding	25,574,478	26,710,881
Diluted weighted average shares outstanding	25,574,478	27,076,548

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS OF AUGUST 31, 2012 AND AUDITED CONDENSED
CONSOLIDATED BALANCE SHEET AS OF MAY 31, 2012
(In thousands except share data)**

	August 31, 2012	May 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 16,427	\$ 15,658
Available for sale investments	11,403	14,917
Student receivables — net of allowance of \$821 and \$759 at August 31, 2012 and May 31, 2012, respectively	3,801	2,804
Other receivables	421	366
Bookstore inventory	0	6
Income tax receivable	1,640	974
Deferred income taxes	1,334	1,914
Prepaid and other current assets	367	613
Total current assets	<u>35,393</u>	<u>37,252</u>
Total Property and Equipment - Net	<u>42,108</u>	<u>40,496</u>
OTHER ASSETS:		
Condominium inventory	2,667	2,667
Land held for future development	312	312
Course development — net of accumulated amortization of \$1,799 and \$1,715 at August 31, 2012 and May 31, 2012, respectively	1,239	1,241
Other	1,176	1,130
	<u>5,394</u>	<u>5,350</u>
TOTAL	<u>\$ 82,895</u>	<u>\$ 83,098</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of capital lease payable	\$ 47	\$ 40
Accounts payable	5,613	4,175
Dividends payable	1,032	840
Student accounts payable	663	659
Deferred income	221	236
Accrued and other liabilities	5,983	6,717
Total current liabilities	<u>13,559</u>	<u>12,667</u>
DEFERRED INCOME TAXES	<u>5,098</u>	<u>5,098</u>
OTHER LONG-TERM LIABILITIES	<u>4,197</u>	<u>4,161</u>
CAPITAL LEASE PAYABLE, NET OF CURRENT PORTION	<u>10,447</u>	<u>10,460</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.0001 par value (50,000,000 authorized; 28,059,307 issued and 25,575,540 outstanding as of August 31, 2012; 28,057,891 issued and 25,574,124 outstanding as of May 31, 2012)	3	3
Additional paid-in capital	57,282	57,203
Retained earnings	10,051	11,239
Treasury stock, at cost (2,483,767 shares at August 31, 2012 and May 31, 2012)	(17,589)	(17,589)
Accumulated other comprehensive income, net of taxes - unrealized gain on available for sale securities	<u>3</u>	<u>25</u>
Total National American University Holdings, Inc. stockholders' equity	<u>49,750</u>	<u>50,881</u>
Net income attributable to non-controlling interest	(156)	(169)
Total equity	<u>49,594</u>	<u>50,712</u>
TOTAL	<u>\$ 82,895</u>	<u>\$ 83,098</u>

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

	Three Months Ended August 31,	
	2012	2011
	(dollars in thousands)	
Net Income attributable to the Company	(\$164)	\$1,023
Income (Loss) attributable to non-controlling interest	13	83
Interest Income	(31)	(41)
Interest Expense	253	0
Income Taxes	(58)	728
Depreciation and Amortization	<u>1,351</u>	<u>879</u>
EBITDA	\$1,364	\$2,672

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 (which is not related to any debt but to the accounting required for the capital lease), 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.