



AMERICAN PUBLIC EDUCATION, INC.

Online Higher Education *Built To Succeed*



March 10, 2009

Safe Harbor Statement

Statements made in this presentation regarding American Public Education, or its subsidiaries, that are not historical facts are forward-looking statements based on current expectations, assumptions, estimates and projections about American Public Education and the industry. These forward-looking statements are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "should", "will" and "would". These forward-looking statements include, without limitation, statements on the slides "First Quarter 2009 Outlook" and "Full Year 2009 Outlook" and statements regarding expected growth. Actual results could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including the various risks described in the "Risk Factors" section and elsewhere in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 as filed with the SEC. The Company undertakes no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.



A Strong Year for American Public University System

- **Strong Growth in Niche Civilian Markets**
 - APUS received approval to be a Liberal Arts Degree Granting Institution by HLC
 - Specialty accreditation:
 - School of Business became candidate for accreditation by ACBSP
 - Emergency & Disaster Management program received specialty accreditation from FoHE
 - Child & Family Development program received specialty accreditation from NCFR
- **Expanded Military Market Dominance**
 - Navy College Program Distance Learning Partnership (NCPDLP)
 - AMU makes Top 20 List of “Military-Friendly” Universities
 - Military Programs VP elected Council of Colleges and Military Educators President
- **New Programs and Specializations Launched**
 - Education Degrees, Concentrations and Certifications
 - Associates Degrees
 - B.S. Criminal Justice in Forensics

Net Course Registrations, Graduation and Enrollment

For the three months ended December 31,	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Net Course Registrations from New Students	6,890	9,950	44%
Net Course Registrations	27, 830	41,850	50%
For the twelve months ended December 31,	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Net Course Registrations from New Students	24,700	36,750	49%
Net Course Registrations	94,850	147,120	55%
As of December 31,	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Total Student Enrollment	30,130	45,200	50%

Military Market Exceeding Expectations

- AMU's military market share increased from 10% to 12% in 2008
- Increased market share can be achieved by:
 - Executing AMU's existing strategies
 - Expanding partnership with Navy
 - Launching new degree programs & entering new segments

Rank by Enrollments¹

Army:	#4 ²
Navy:	#5 ²
Air Force:	#1
Marines:	#1
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Total DoD:	#1

- 1-5% Military Market Growth¹
- Military's Growing Online Focus
- Increasing Participation Rates

¹Source: CCME 2008 & Company Estimates

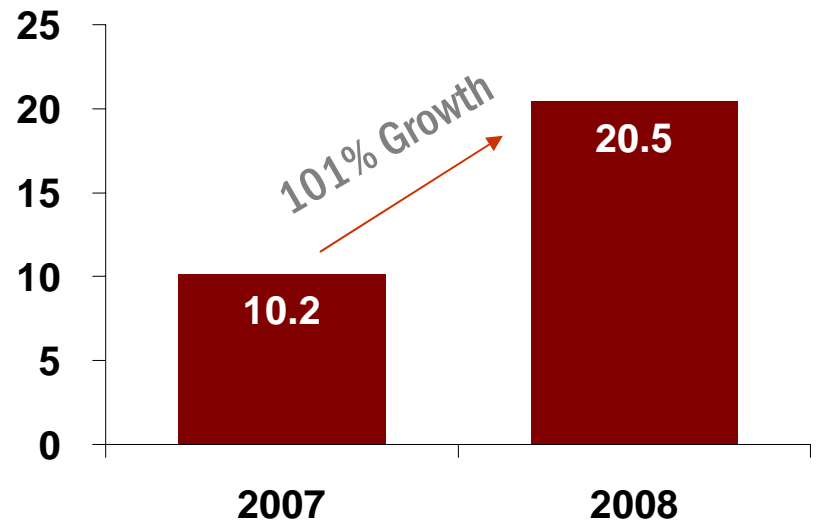
²Includes UMUC's enrollments in the Far East and Europe

Built To Succeed in Civilian Markets

- Affordability resonates with civilians
- Unique approaches to niche markets
- Enter new markets & segments
- Launch new degrees & specializations
- Expand referral programs

Title IV Registration Growth:

(Registrations in Thousands)



APUS Student Population

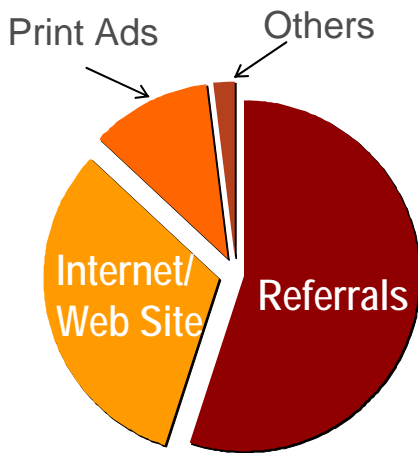
A Unique and Diversified Product Offering...

- 74 Total degree programs, including liberal arts
- 7 Schools within APU and AMU

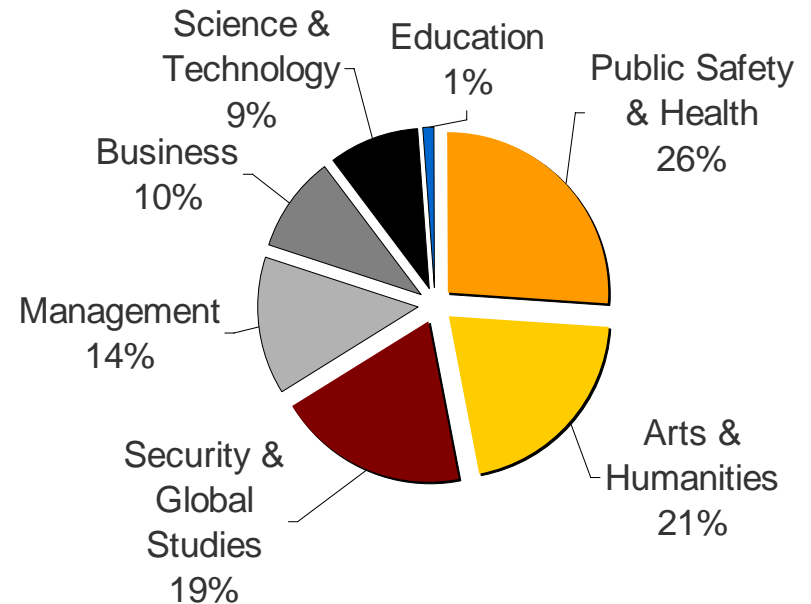
Focus on Key Influencers and Customer Satisfaction Drive High Referral Rates...

- Referral Rate: Over 50%
- Retention Rate Improvement: 0.4% increase

Applications by Source:

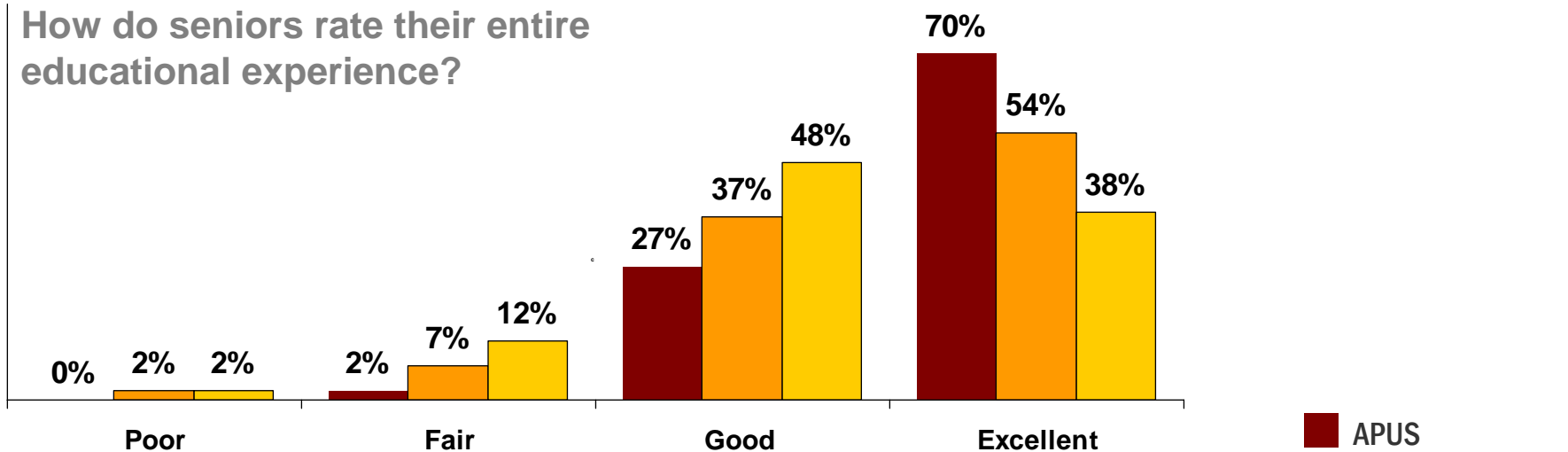


Students by School:

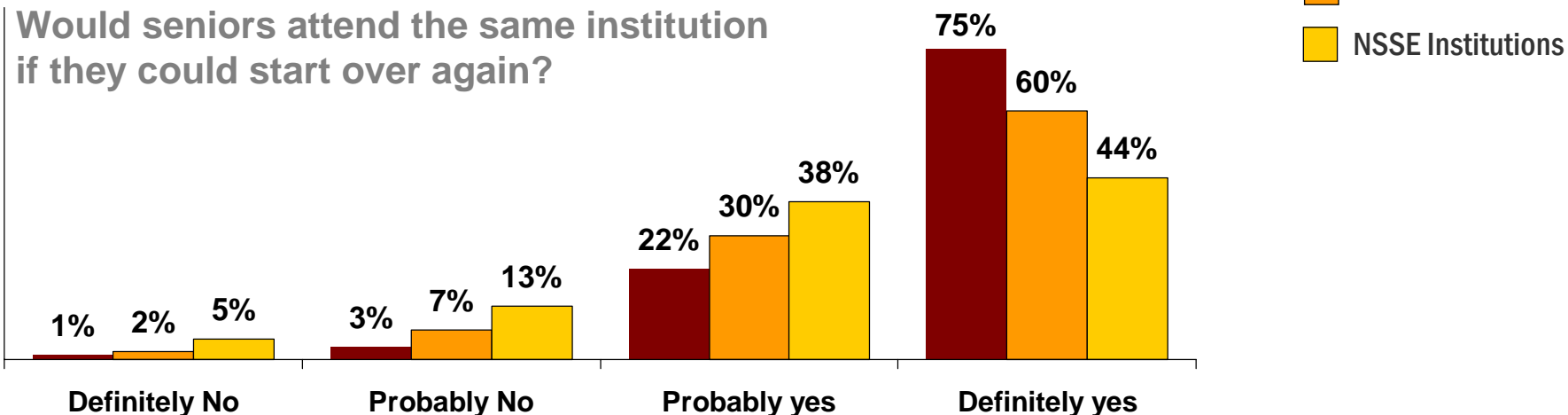


National Survey of Student Engagement (NSSE)

How do seniors rate their entire educational experience?



Would seniors attend the same institution if they could start over again?

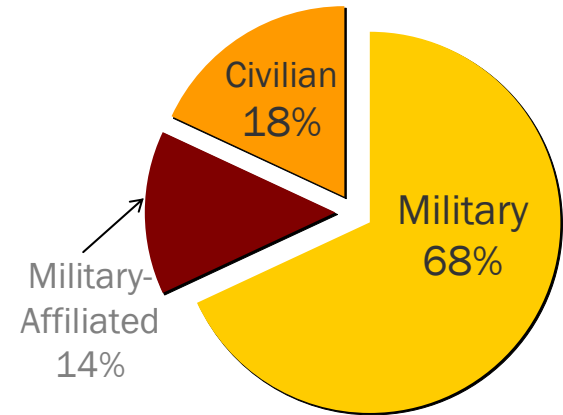


A Student Population with Stable Funding Sources

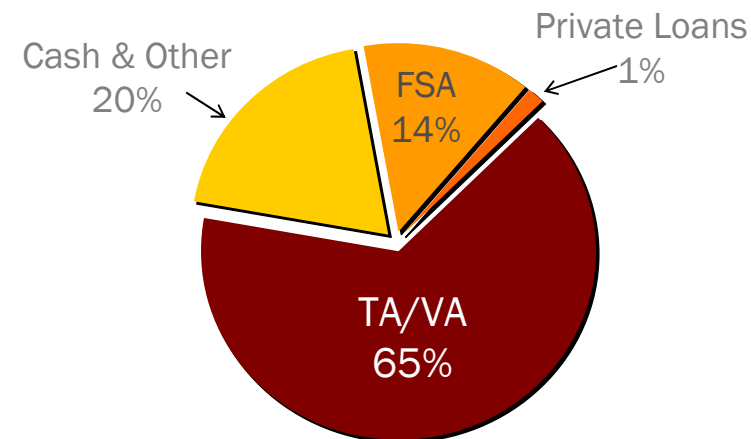
At December 31, 2008

- **Military: Active Duty Military**
 - DoD Tuition Assistance ("TA")
- **Civilians: Civilian & Military-Affiliated**
 - Federal Student Aid ("Title IV")
 - Veterans Education Benefits ("VA")
 - Cash & Other
 - Cash from VA Benefits, Grants and Out of Pocket
 - Corporate Tuition Reimbursement (approx 1% of revenues)
 - Private Loans

Students by Status:



Registrations by Source:



Staying Ahead of The Curve

- **Other Recent Successes:**
 - Completed follow-on offerings
 - Appointment of Timothy J. Landon to Board of Directors
 - Company is Sarbanes Oxley Compliant
- **2009 Initiatives**
 - Continue to improve retention, especially in first 3 classes
 - Launch several new degree programs and specializations
 - Prepare for entry into new market segments

APEI in Strong Financial Position

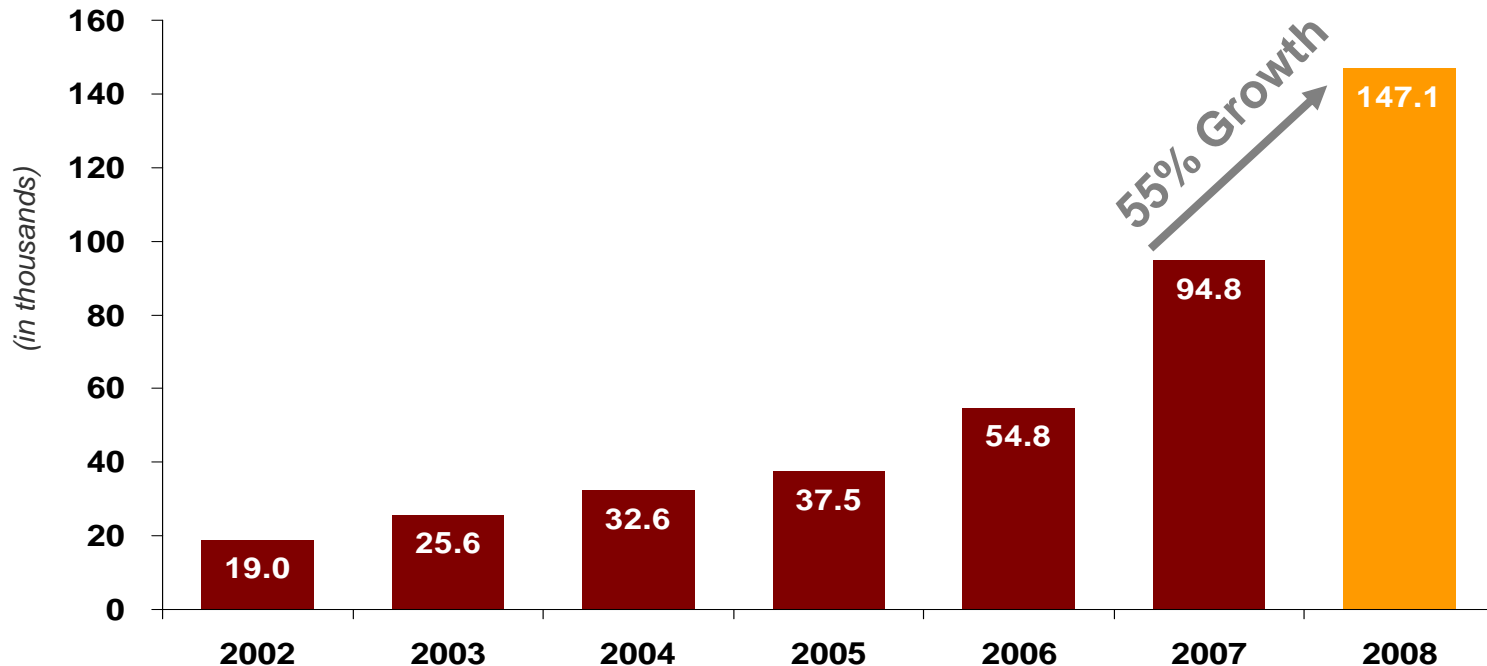
- Rapid revenue growth driven by continued strong registration growth
- Operating margin improvement
 - Selling & Promotional Costs
 - Instructional Costs
 - General & Administrative
- **Strong Balance Sheet:**
 - No long-term debt
 - Increasing cash balance
 - Purchase and build new facilities in Charles Town in 2009
- **Company introduces first quarter and year end 2009 guidance**



Strong Student Population Growth

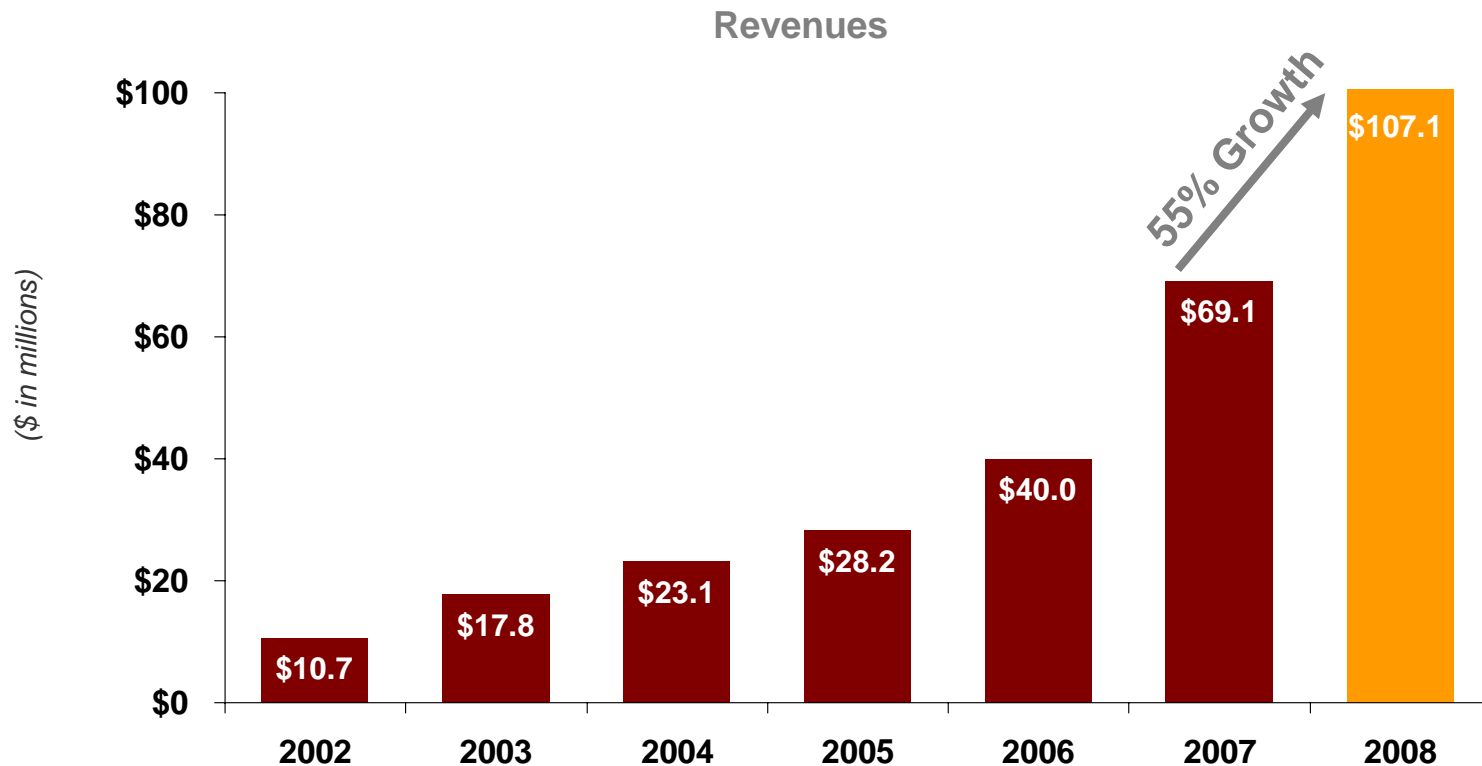
APEI has achieved rapid growth in student registrations in a challenging economic environment...

Net Course Registrations



Built For Predictable Growth

APEI has consistently experienced strong revenue growth...



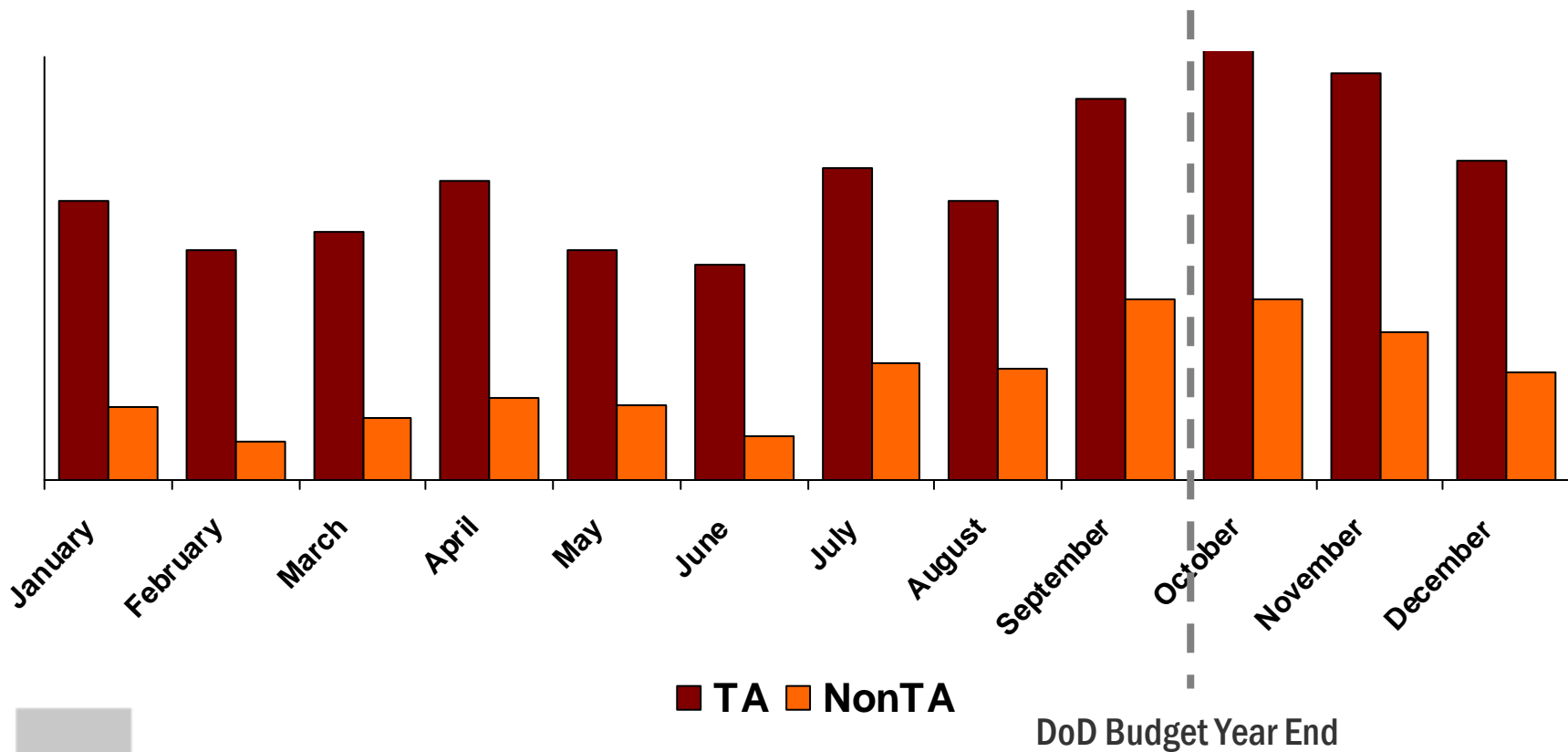
Improvements in Operating Leverage

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues	100.0 %	100.0 %	100.0 %
Costs and expenses:			
Instructional costs and services	44.9 %	42.6 %	40.7 %
Selling and promotional	12.2 %	9.8 %	11.5 %
General and administrative	22.9 %	22.2 %	19.9 %
Write-off of software development project	7.9 %	— %	— %
Depreciation and amortization	4.9 %	4.1 %	3.9 %
	<u>92.8 %</u>	<u>78.7 %</u>	<u>76.0 %</u>
Income from continuing operations before interest income and income taxes	7.2 %	21.3 %	24.0 %
Interest income, net	<u>0.7 %</u>	<u>1.3 %</u>	<u>0.6 %</u>
Income from continuing operations before income taxes	7.9 %	22.6 %	24.6 %
Income tax expense	<u>1.9 %</u>	<u>9.9 %</u>	<u>9.5 %</u>
Income from continuing operations	6.0 %	12.7 %	15.1 %
Loss from discontinued operations, net of income tax benefit	<u>(1.6) %</u>	<u>— %</u>	<u>— %</u>
Net income (loss) attributable to common stockholders	<u>4.4 %</u>	<u>12.7 %</u>	<u>15.1 %</u>

Seasonality in TA and Civilian Registrations

The Fall season is peak enrollment period for civilian and active duty students...

Net Course Registrations by Month



■ TA ■ NonTA

DoD Budget Year End

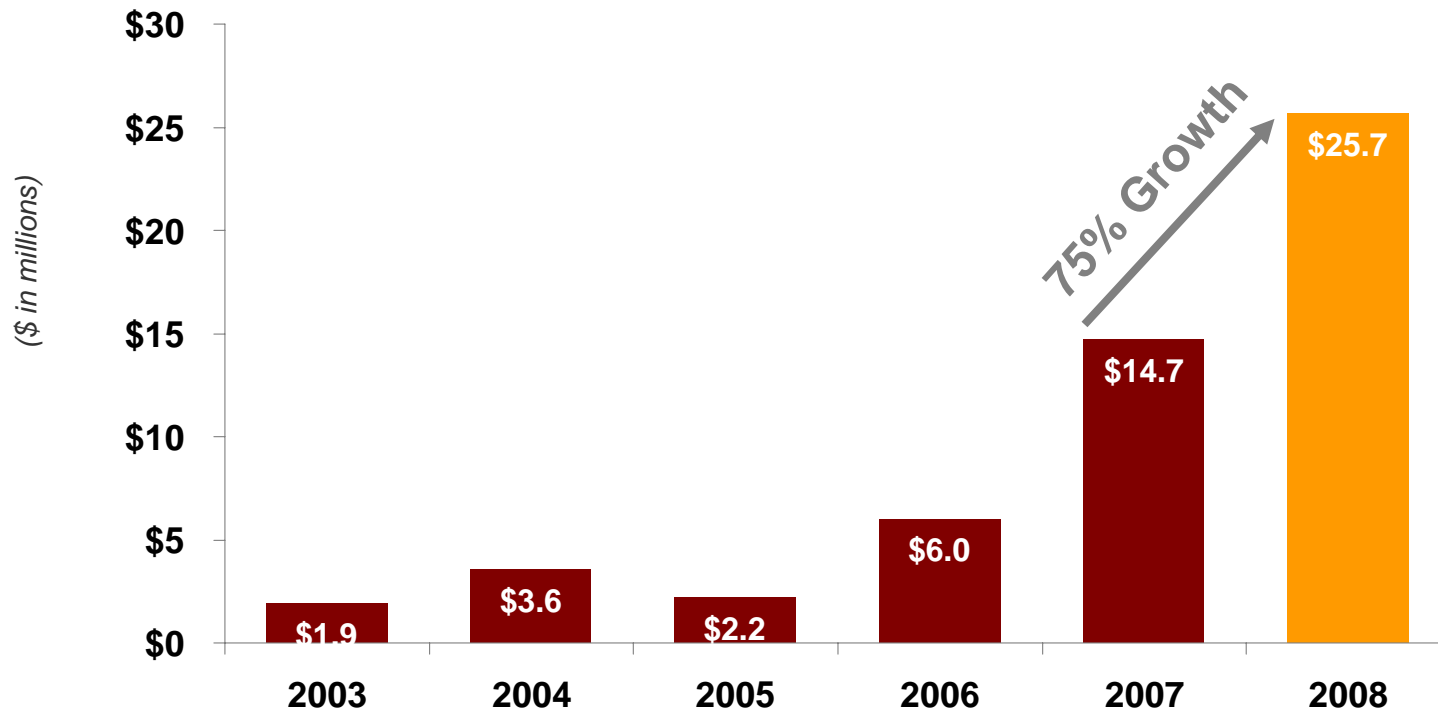


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Built For Improving Operating Performance

Operating income growth has increased faster than revenue growth...

Income from continuing operations before interest income and income tax



(1) Excludes a \$3.1 million write-off of capitalized software development costs in 2006.



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Strong Balance Sheet with No Debt

(\$ in millions)

	<u>2007</u>	<u>2008</u>
Cash & Cash Equivalents	\$27.0	\$47.7
Total Assets	\$49.0	\$78.8
Total Long-Term Debt	\$0	\$0

Other Items:

Depreciation and Amortization	\$2.8	\$4.2
CAPEX	\$6.8	\$10.0

Company Introduces First Quarter 2009 Outlook

The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially.

	<u>First Quarter 2009</u>	<u>% Growth</u>
Net Course Registrations from New Students	approx. 10,500	40%
Net Course Registrations	approx. 46,300	40%
Total Revenue	\$31.8 to \$32.5 million	37%-40%
Net Income ⁽¹⁾	\$4.6 to \$4.8 million	35%-41%
EPS – Diluted ⁽¹⁾	\$0.24 to \$0.26	
Weighted Ave. Shares Outstanding	approx. 19.0 million shares	

(1) Includes stock-based compensation expense of approximately \$525,000

Company Introduces Full Year 2009 Outlook

The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially.

	<u>Full Year 2009</u>	<u>% Growth</u>
Net Course Registrations from New Students	50,700 or more	38%+
Net Course Registrations	202,500 or more	38%+
Total Revenue	\$146 to \$150 million	36%-40%
EBIT	\$36.2 to \$37.0 million	41%-44%
Net Income ⁽¹⁾	\$22.2 to \$22.8 million	37%-41%
EPS – Diluted ⁽¹⁾	\$1.16 to \$1.20	
Weighted Ave. Shares Outstanding:	19.0 to 19.2 million shares	
Depreciation and Amortization Expense	\$5.3 to 5.5 million	25%-30%
Capital Expenditures	\$8 to 10 million*	

*excludes approximately \$10 million of possible new real estate expenditures over the next 18-24 months.



(1) Includes stock-based compensation expense of approximately \$2.2 million

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Built With A Simple, Sensible Strategy

APEI has a blueprint for the future...

- Continue success in military market
- Expand in select civilian markets
- Utilize targeted approach to advertising
- Launch new programs
- Enter new market segments



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The logo for American Public Education, Inc. (ApeI) features the word "apei" in a white, lowercase, sans-serif font. The letters are contained within a solid red square. The background of the entire slide is a blurred, blue-tinted photograph of a person wearing glasses, looking towards the right. In the foreground, a hand is visible, holding a stack of three gold-colored blocks. The top block is labeled "Success", the middle block is labeled "NASDAQ: APEI", and the bottom block is labeled "(703) 334-3880".

apei

AMERICAN PUBLIC EDUCATION, INC.

Success

**NASDAQ:
APEI**

**(703)
334-3880**