

PRESS RELEASE

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For Immediate Release

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THE AMERICAN EDUCATION CORPORATION COMPLETES ITS "GOING PRIVATE" TRANSACTION

Oklahoma City, October 4, 2006: The American Education Corporation (AECC.PK) today announced that it has finalized its "going private" transaction, which was effected through a 1-for-2,000 Reverse Split effective September 1, 2006. Immediately following the Reverse Split, the Company effected a 100-for-1 forward stock split for all shareholders that continued to hold at least one (1) whole share of the Company's common stock following the Reverse Split. Because the Reverse Split reduced the number of shareholders of the Company below three hundred, on September 25, 2006, the Company filed a Form 15-12G with the Securities and Exchange Commission terminating its filing obligations under the Securities and Exchange Act of 1934. On October 3, 2006, the Company filed a final post-closing amendment to its Schedule 13E-3 reporting the results of the going private transaction. The Company now has no remaining filing obligations with the Securities and Exchange Commission and is considered a "private" company.

Commenting on this development, Jeffrey E. Butler, Chief Executive Officer of the Company, stated, "This effort is believed to be in the best future interest of the remaining shareholders and the Company's employees. Simply put, AEC is a successful, but small company in a very competitive business. The growing cost of public company regulatory compliance deflected significant funding and resources from essential investments required to improve overall competitiveness."

The Company's Java-based technology, the **A+nyWhere Learning System**[®] Versions 3.0 and 4.0 of educational software products, provides for an integrated offering of grade levels 1-12 software for Reading, Mathematics, Language Arts, Science, Writing, History, Government, Economics and Geography. The Company recently released Learning Letter Sounds, a comprehensive suite of emergent reading content, designed for pre-K, K-3 students. All company products are designed to provide for LAN, WAN and Internet delivery options. The Company has developed a computer adaptive, companion academic skill assessment testing tool to provide educators with the resources to more effectively use the Company's curriculum content aligned to important state and national academic standards. Spanish-language versions are available for Mathematics and Language Arts for grade levels 1-8. The Company's curriculum content is aligned to the other third party digital resources such as GoKnow's scientifically based, Internet accessible curriculum and reference materials, which may be accessed directly from A+LS lessons. The A+LS comprehensive family of educational software is now in use in over 11,000 schools, centers of adult literacy, colleges and universities, and correctional institutions in the U.S., UK and other international locations. A+dvancer College Readiness *Online*, the Company's postsecondary offering, identifies and assists students in attaining college entry-level academic skills in Arithmetic, Elementary Algebra, Reading Comprehension, and Sentence Skills. A+dvancer reduces demand on institutional admissions and developmental departments, while providing students with both improved skills assessment and the alignment to developmental and remedial coursework in an online, self-paced learning environment.

Note: Certain matters discussed above concerning the future performance of the Company are forward-looking statements intended to qualify for the safe harbors from liabilities established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified as such by words such as "believes," "anticipates," "plans," "expects" or words of similar import. The future performance of the Company is subject to a number of factors including, but not limited to, general economic conditions, competitive activity and funding available to schools.

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