

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **January 31, 2018**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **001-38175**

**Aspen Group, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**27-1933597**

*(I.R.S. Employer Identification No.)*

**1660 S Albion Street, Suite 525**

**Denver, CO**

*(Address of principal executive offices)*

**80222**

*(Zip Code)*

**Registrants telephone number: (303) 333-4224**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer  *(Do not check if a smaller reporting company)*

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Class

Common Stock, \$0.001 par value per share

Outstanding as of March 15, 2018

15,072,332

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ASPEN GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

	<b>January 31, 2018</b>	<b>April 30, 2017</b>
	<u>(Unaudited)</u>	<u></u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,803,080	\$ 2,756,217
Restricted cash	190,506	—
Accounts receivable, net of allowance of \$544,492 and \$328,864, respectively	8,592,958	4,434,862
Prepaid expenses	288,640	133,531
Promissory note receivable	—	900,000
Other receivables	233,862	81,464
Accrued interest receivable	—	8,000
Total current assets	<u>13,109,046</u>	<u>8,314,074</u>
<b>Property and equipment:</b>		
Call center equipment	96,305	53,748
Computer and office equipment	130,137	103,649
Furniture and fixtures	712,209	255,984
Software	<u>2,590,297</u>	<u>2,131,344</u>
	3,528,948	2,544,725
Less accumulated depreciation and amortization	<u>(1,161,030)</u>	<u>(1,090,010)</u>
Total property and equipment, net	2,367,918	1,454,715
Goodwill	5,011,432	—
Intangible assets, net	9,916,667	—
Courseware, net	137,557	145,477
Accounts receivable, secured - related party, net of allowance of \$625,963, and \$625,963, respectively	45,329	45,329
Long term contractual receivable	935,878	657,542
Other assets	<u>585,206</u>	<u>56,417</u>
Total assets	<u>\$ 32,109,033</u>	<u>\$ 10,673,554</u>

(Continued)

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**

	<u>January 31,</u> <u>2018</u>	<u>April 30,</u> <u>2017</u>
	(Unaudited)	
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,273,990	\$ 756,701
Accrued expenses	596,633	262,911
Deferred revenue	4,156,550	1,354,989
Refunds due students	730,722	310,576
Deferred rent, current portion	7,429	11,200
Convertible notes payable- related party, current portion	1,000,000	—
Convertible notes payable, current portion	50,000	50,000
Other current liabilities	186,134	—
Total current liabilities	<u>8,001,458</u>	<u>2,746,377</u>
Convertible note payable - related party	1,000,000	—
Senior secured term loan, net of discount	6,769,932	—
Warrant Liability	—	52,500
Deferred rent	60,295	34,437
Total liabilities	<u>15,831,685</u>	<u>2,833,314</u>
Commitments and contingencies - See Note 7	—	—
<b>Stockholders' equity:</b>		
Common stock, \$0.001 par value; 250,000,000 shares authorized, 15,072,332 issued and 15,055,665 outstanding at January 31, 2018		
13,504,012 issued and 13,487,345 outstanding at April 30, 2017	15,072	13,504
Additional paid-in capital	45,439,538	33,607,423
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(29,107,262)	(25,710,687)
Total stockholders' equity	<u>16,277,348</u>	<u>7,840,240</u>
<b>Total liabilities and stockholders' equity</b>	<u><b>\$ 32,109,033</b></u>	<u><b>\$ 10,673,554</b></u>

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the		For the	
	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues	\$ 5,701,958	\$ 3,735,626	\$ 14,796,483	\$ 9,957,467
Operating expenses				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	2,665,664	1,359,131	6,282,814	3,490,046
General and administrative	4,677,359	2,133,074	10,975,085	6,228,554
Program review settlement expense	—	25,000	—	25,000
Depreciation and amortization	347,894	132,727	631,969	422,782
Total operating expenses	<u>7,690,917</u>	<u>3,649,932</u>	<u>17,889,868</u>	<u>10,166,382</u>
Operating (loss) income	<u>(1,988,959)</u>	<u>85,694</u>	<u>(3,093,385)</u>	<u>(208,915)</u>
Other income (expense):				
Other income	46,179	1,684	88,067	3,047
Gain on extinguishment of warrant liability	52,500	—	52,500	—
Interest expense	<u>(257,665)</u>	<u>(80,001)</u>	<u>(443,757)</u>	<u>(175,662)</u>
Total other expense, net	<u>(158,986)</u>	<u>(78,317)</u>	<u>(303,190)</u>	<u>(172,615)</u>
(Loss) income before income taxes	(2,147,945)	7,377	(3,396,575)	(381,530)
Income tax expense (benefit)	—	—	—	—
Net (loss) income	<u>\$ (2,147,945)</u>	<u>\$ 7,377</u>	<u>\$ (3,396,575)</u>	<u>\$ (381,530)</u>
Net (loss) income per share allocable to common stockholders - basic	<u>\$ (0.15)</u>	<u>\$ 0.00</u>	<u>\$ (0.25)</u>	<u>\$ (0.03)</u>
Net (loss) income per share allocable to common stockholders - diluted	<u>\$ (0.15)</u>	<u>\$ 0.00</u>	<u>\$ (0.25)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding: basic	<u>14,491,634</u>	<u>11,467,345</u>	<u>13,862,992</u>	<u>11,419,270</u>
Weighted average number of common shares outstanding: diluted	<u>14,491,634</u>	<u>13,040,970</u>	<u>13,862,992</u>	<u>11,419,270</u>

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED JANUARY 31, 2018**  
**(Unaudited)**

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Treasury Stock</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at April 30, 2017	13,504,012	\$ 13,504	\$ 33,607,423	\$ (70,000)	\$(25,710,687)	\$ 7,840,240
Fees associated with equity raise	—	—	(14,033)	—	—	(14,033)
Restricted stock issued for services	10,000	10	88,690	—	—	88,700
Stock-based compensation	—	—	466,468	—	—	466,468
Common stock issued for acquisition	1,203,209	1,203	10,214,041	—	—	10,215,244
Common stock issued for cashless warrant exercises	162,072	162	(162)	—	—	—
Common stock issued for warrants exercised for cash	79,442	79	143,410	—	—	143,489
Common stock issued for stock options exercised	113,597	114	455,273	—	—	455,387
Warrants issued with senior secured term loan	—	—	478,428	—	—	478,428
Net loss, for the Nine months ended January 31, 2018	—	—	—	—	(3,396,575)	(3,396,575)
Balance at January 31, 2018	<u>15,072,332</u>	<u>\$ 15,072</u>	<u>\$ 45,439,538</u>	<u>\$ (70,000)</u>	<u>\$(29,107,262)</u>	<u>\$ 16,277,348</u>

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the Nine months ended January 31,	
	2018	2017
<b>Cash flows from operating activities:</b>		
Net loss	\$ (3,396,575)	\$ (381,530)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense (recovery)	298,144	(25,680)
Gain on extinguishment of warrant liability	(52,500)	—
Depreciation and amortization	631,969	422,782
Loss on asset disposal	27,590	—
Stock-based compensation	466,468	253,833
Amortization of debt discounts	99,726	15,625
Amortization of prepaid shares for services	37,039	52,500
Warrant buyback expense	—	206,000
Changes in operating assets and liabilities:		
Accounts receivable	(4,534,118)	(2,331,140)
Prepaid expenses	(59,451)	28,715
Accrued interest receivable	(45,400)	—
Other receivables	(152,398)	—
Other assets	(528,789)	(25,241)
Accounts payable	366,044	875,110
Accrued expenses	218,476	105,111
Deferred rent	22,087	17,318
Refunds due students	420,146	124,912
Deferred revenue	2,340,461	562,643
Other liabilities	186,134	—
Net cash used in operating activities	(3,654,947)	(99,042)
<b>Cash flows from investing activities:</b>		
Cash paid in asset acquisition	(2,589,719)	—
Proceeds from promissory note interest receivable	53,400	—
Increase in restricted cash	(190,506)	—
Purchases of courseware	(33,369)	(6,550)
Purchases of property and equipment	(1,171,473)	(565,306)
Proceeds from promissory note receivable	900,000	—
Net cash used in investing activities	(3,031,667)	(571,856)
<b>Cash flows from financing activities:</b>		
Warrant Buyback	—	(400,000)
Borrowing of bank line of credit	—	247,000
Payments for bank line of credit	—	(248,783)
Borrowing of third party line of credit	—	1,250,000
Third party line of credit financing costs	—	(60,000)
Proceeds of warrant and stock options exercised	598,876	—
Offering costs paid on debt financing	(351,366)	—
Disbursements for equity offering costs	(14,033)	(4,017)
Proceeds from senior secured term loan	7,500,000	—
Net cash provided by financing activities	7,733,477	784,200
Net increase in cash	1,046,863	113,302
Cash at beginning of period	2,756,217	783,796
Cash at end of period	\$ 3,803,080	\$ 897,098

(Continued)

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
(Unaudited)

	For the Nine months ended January 31,	
	2018	2017
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 316,781	\$ 145,105
Cash paid for income taxes	\$ —	\$ —
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Warrants issued as part of senior secured loan	\$ 478,428	\$ —
Assets acquired net of liabilities assumed for non-cash consideration	\$ 12,215,244	\$ —
Common stock issued for services	\$ —	\$ 62,002
Warrant derivative liability	\$ —	\$ 52,500

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.



**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2018**  
**(Unaudited)**

**Note 1. Nature of Operations and Liquidity**

**Overview**

Aspen Group, Inc. (together with its subsidiaries, the “Company” or “AGI”) is a holding company, which has two subsidiaries. Aspen University Inc. (“Aspen University”) was organized in 1987 and United States University Inc. (“USU”) was formed May 2017 and certain assets were acquired and liabilities assumed on December 1, 2017. (See Note 10)

Aspen Group’s vision is to make college affordable again in America. Because we believe higher education should be a catalyst to our students’ long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in online higher education. In March 2014, Aspen University unveiled a monthly payment plan aimed at reversing the college-debt sentence plaguing working-class Americans. The monthly payment plan offers bachelor students (except RN to BSN) the opportunity to pay their tuition at \$250/month for 72 months (\$18,000), nursing bachelor students (RN to BSN) \$250/month for 39 months (\$9,750), master students \$325/month for 36 months (\$11,700) and doctoral students \$375/month for 72 months (\$27,000), interest free, thereby giving students a monthly payment tuition payment option versus taking out a federal financial aid loan.

United States University (USU) began offering monthly payment plans in the summer of 2017. Today, monthly payment plans are available for the RN to BSN program (\$250/month), MBA/M.A.Ed/MSN programs (\$325/month), and the MSN-FNP program (\$375/month).

Since 1993, Aspen University has been nationally accredited by the Distance Education and Accrediting Council (“DEAC”), a national accrediting agency recognized by the U.S. Department of Education (the “DOE”). On February 25, 2015, the DEAC informed Aspen University that it had renewed its accreditation for five years to January, 2019.

Since 2009, USU has been regionally accredited by WASC Senior College and University Commission. (“WSCUC”).

Both universities are qualified to participate under the Higher Education Act of 1965, as amended (HEA) and the Federal student financial assistance programs (Title IV, HEA programs). USU has a provisional certification.

**Basis of Presentation**

**A. Interim Financial Statements**

The interim consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of the Company’s management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations for the three and nine months ended January 31, 2018 and 2017, our cash flows for the nine months ended January 31, 2018 and 2017, and our financial position as of January 31, 2018 have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Report on Form 10-K for the period ended April 30, 2017 as filed with the SEC on July 25, 2017. The April 30, 2017 balance sheet is derived from those statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2018**  
**(Unaudited)**

**B. Liquidity**

At January 31, 2018, the Company had a cash balance of \$3,803,080 plus \$190,506 in restricted cash.

On July 25, 2017, the Company signed a \$10 million senior secured term loan with Runway Growth Capital Fund (formerly known as GSV Growth Capital Fund). The Company drew \$5 million under the facility at closing, with an additional \$2.5 million drawn following the closing of the Company's acquisition of substantially all the assets of United States University, including receipt of all required regulatory approvals, among other conditions to funding. Terms of the 4-year senior loan include a 10% over 3-month LIBOR per annum interest rate. (See Notes 5 and 10).

**Note 2. Significant Accounting Policies**

**Principles of Consolidation**

The unaudited consolidated financial statements include the accounts of Aspen Group, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of the unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts in the unaudited consolidated financial statements. Actual results could differ from those estimates. Significant estimates in the accompanying unaudited consolidated financial statements include the allowance for doubtful accounts and other receivables, the valuation of collateral on certain receivables, amortization periods and valuation of courseware, intangibles and software development costs, valuation of beneficial conversion features in convertible debt, valuation of goodwill, valuation of loss contingencies, valuation of stock-based compensation and the valuation allowance on deferred tax assets.

**Cash and Cash Equivalents**

For the purposes of the unaudited consolidated statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at January 31, 2018 and April 30, 2017. The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits of \$250,000 per financial institution. The Company has not experienced any losses in such accounts from inception through January 31, 2018. As of January 31, 2018 and April 30, 2017, there were deposits totaling \$3,594,104 and \$2,687,461 respectively, held in two separate institutions greater than the federally insured limits.

**Goodwill and Intangibles**

Goodwill represents the excess of purchase price over the fair market value of assets acquired and liabilities assumed from Educacion Significativa, LLC. Goodwill has an indefinite life and is not amortized. Goodwill is tested annually for impairment.

Intangibles represent both indefinite lived and definite lived assets. Accreditation and regulatory approvals and Trade name and trademarks are deemed to have indefinite useful lives and accordingly are not amortized but are tested annually for impairment. Student relationships and curriculums are deemed to have definite lives and are amortized accordingly.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2018**  
**(Unaudited)**

**Fair Value Measurements**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company classifies assets and liabilities recorded at fair value under the fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;
- Level 2—Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

**Refunds Due Students**

The Company receives Title IV funds from the Department of Education to cover tuition and living expenses. After deducting tuition and fees, the Company sends checks for the remaining balances to the students.

**Revenue Recognition and Deferred Revenue**

Revenues consist primarily of tuition and fees derived from courses taught by the Company online as well as from related educational resources that the Company provides to its students, such as access to our online materials and learning management system. Tuition revenue is recognized pro-rata over the applicable period of instruction. The Company maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. Certain states in which students reside impose separate, mandatory refund policies, which override the Company's policy to the extent in conflict. If a student withdraws at a time when a portion or none of the tuition is refundable, then in accordance with its revenue recognition policy, the Company recognizes as revenue the tuition that was not refunded. Since the Company recognizes revenue pro-rata over the term of the course and because, under its institutional refund policy, the amount subject to refund is never greater than the amount of the revenue that has been deferred, under the Company's accounting policies revenue is not recognized with respect to amounts that could potentially be refunded. The Company's educational programs have starting and ending dates that differ from its fiscal quarters. Therefore, at the end of each fiscal quarter, a portion of revenue from these programs is not yet earned and is therefore deferred. The Company also charges students annual fees for library, technology and other services, which are recognized over the related service period. Deferred revenue represents the amount of tuition, fees, and other student payments received in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets. Other revenues may be recognized as sales occur or services are performed.

The Company has revenues from students outside the United States representing 2.1% of the revenues for the quarter ended January 31, 2018.

**Accounting for Derivatives**

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "Derivatives and Hedging". The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion, exercise, or other extinguishment (transaction) of a derivative instrument, the instrument is marked to fair value at the transaction date and then that fair value is recognized as an extinguishment gain or loss. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liability at the fair value of the instrument on the reclassification date.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2018**  
**(Unaudited)**

**Business Combinations**

We include the results of operations of businesses we acquire from the date of the respective acquisition. We allocate the purchase price of acquisitions to the assets acquired and liabilities assumed at fair value. The excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed is recorded as goodwill. We expense transaction costs associated with business combinations as incurred.

**Net Income (Loss) Per Share**

Net income (loss) per common share is based on the weighted average number of common shares outstanding during each period. Options to purchase 2,872,546 and 1,963,481 common shares, warrants to purchase 743,773 and 934,555 common shares, and \$50,000 and \$350,000 of convertible debt (convertible into 4,167 and 75,596 common shares) were outstanding at January 31, 2018 and 2017, respectively, but were not included in the computation of diluted loss per share because the effects would have been anti-dilutive. The options, warrants and convertible debt are considered to be common stock equivalents and are only included in the calculation of diluted earnings per common share when their effect is dilutive, as noted in the chart below.

As required to be disclosed for quarters with net income, basic and diluted income per share for the three months ended January 31, 2017, were calculated as follows:

	<u>Basic</u>	<u>Diluted</u>
<b>Numerator</b>		
Net income applicable to common stock	\$ 7,377	\$ 7,377
Convertible debt interest	—	4,010
	<u>\$ 7,377</u>	<u>\$ 11,387</u>
<b>Denominator</b>		
Weighted average common shares outstanding	11,467,345	11,467,345
Convertible debt	—	75,596
Warrants and options	—	1,498,029
	<u>11,467,345</u>	<u>13,040,970</u>
<b>Net income per share</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**Recent Accounting Pronouncements**

**ASU 2017-01** - In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-01: "*Business Combinations (Topic 805)*" - to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The Company will implement this guidance effective February 1, 2018.

**ASU 2017-04** - In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-04: "*Intangibles - Goodwill and Other (Topic 350)*" - to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is evaluating the effects of this standard on its consolidated financial statements.

**ASU 2016-02** - In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02: "*Leases (Topic 842)*" whereby lessees will need to recognize almost all leases on their balance sheet as a right of use asset and a lease liability. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018. The Company expects this ASU will increase its assets and liabilities, but have no net material impact on its consolidated financial statements.

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**ASU 2014-09** - In May 2014, the Financial Accounting Standards Board issued Update No. 2014-09: "Revenue from Contracts with Customers (Topic 606)" which requires that an entity recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Since the issuance of the original standard, the FASB has issued several updates to the standard which i) clarify the application of the principal versus agent guidance; ii) clarify the guidance relating to performance obligations and licensing; iii) clarify assessment of the collectability criterion, presentation of sales taxes, measurement date for non-cash consideration and completed contracts at transaction; and iv) clarify narrow aspects of ASC 606 or corrects unintended application of the guidance. The new revenue recognition standard, amended by the updates, becomes effective in the first quarter of fiscal 2019 and is to be applied retrospectively using one of two prescribed methods. Early adoption is permitted. The Company currently plans to adopt the new standard effective May 1, 2018 and does not believe the adoption of this standard will have a material impact on the amount or timing of its revenues.

**Note 3. Property and Equipment**

As property and equipment become fully expired, the fully expired asset is written off against the associated accumulated depreciation. There is no expense impact for such write offs. Property and equipment consisted of the following at January 31, 2018 and April 30, 2017:

	January 31, 2018	April 30, 2017
Call center hardware	\$ 96,305	\$ 53,748
Computer and office equipment	130,137	103,649
Furniture and fixtures	712,209	255,984
Software	2,590,297	2,131,344
	<u>3,528,948</u>	<u>2,544,725</u>
Accumulated depreciation and amortization	(1,161,030)	(1,090,010)
Property and equipment, net	<u>\$ 2,367,918</u>	<u>\$ 1,454,715</u>

Software consisted of the following at January 31, 2018 and April 30, 2017:

	January 31, 2018	April 30, 2017
Software	\$ 2,590,297	\$ 2,131,344
Accumulated amortization	(1,012,655)	(994,017)
Software, net	<u>\$ 1,577,642</u>	<u>\$ 1,137,327</u>

Depreciation and Amortization expense for all Property and Equipment as well as the portion for just software is presented below for three and nine months ended January 31, 2018 and 2017:

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2018	2017	2018	2017
Depreciation and amortization Expense	\$ 150,596	\$ 119,064	\$ 407,346	\$ 378,118
Software amortization Expense	\$ 121,695	\$ 105,914	\$ 341,825	\$ 342,938

The following is a schedule of estimated future amortization expense of software at January 31, 2018:

Year Ending April 30,	
2018	\$ 127,811
2019	456,038
2020	386,196
2021	313,749
2022	293,848
Total	<u>\$ 1,577,642</u>

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**Note 4. Courseware**

Courseware costs capitalized were \$33,369 for the nine months ended January 31, 2018. Fully expired courseware is written off against the accumulated amortization. There is no expense impact for such write-offs.

Courseware consisted of the following at January 31, 2018 and April 30, 2017:

	January 31, 2018	April 30, 2017
Courseware	\$ 283,046	\$ 271,777
Accumulated amortization	(145,489)	(126,300)
Courseware, net	<u>\$ 137,557</u>	<u>\$ 145,477</u>

Amortization expense of courseware for the three and nine months ended January 31, 2018 and 2017:

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2018	2017	2018	2017
Amortization expense	\$ 13,966	\$ 13,663	\$ 41,289	\$ 44,664

The following is a schedule of estimated future amortization expense of courseware at January 31, 2018:

Year Ending April 30,	
2018	\$ 14,152
2019	56,143
2020	42,301
2021	15,336
2022	9,625
Total	<u>\$ 137,557</u>

**Note 5. Senior Secured Term Loan**

On July 25, 2017, the Company signed a \$10 million senior secured term loan with Runway Growth Capital Fund (formerly known as GSV Growth Capital Fund). The Company drew \$5 million under the facility at closing, then subsequently drew \$2.5 million following the closing of the Company's acquisition of substantially all the assets of the United States University, including receipt of all required regulatory approvals, among other conditions to funding. Terms of the 4-year senior loan include a 10% over 3-month LIBOR per annum interest rate.

The Company will be required to begin making principal repayments upon the 24-month anniversary of the initial closing (July 24, 2019), and each month thereafter will repay 1/24th of the total loan amount outstanding. Should the Company achieve both annualized revenue growth of at least 30% and operating margin of at least 7.5% for any 12-month trailing period, then at the quarter-end of that 12-month trailing period, the Company may elect to extend the interest only period for the quarter immediately following the 12-month trailing period throughout the duration of the loan.

Additionally, the Company paid a 0.25% origination fee on the initial \$5 million draw and paid another 0.25% origination fee upon the second \$2.5 million draw, will be subject to a final payment fee of 3.25% of the principal lent, and issued 224,174 5-year warrants at an exercise price of \$6.87. The relative fair value of the warrants was \$478,428 and was recorded as debt discount along with other direct costs of the term loan and is being amortized to interest expense over the term of the loan.

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**Note 6. Convertible Notes – Related Party**

On December 1, 2017, the Company completed the acquisition of USU and, as part of the consideration, a \$2.0 million convertible note (the “Note”) was issued, bearing 8% annual interest that matures over a two-year period after the closing. (See Note 10) At the option of the Note holder, on each of the first and second anniversaries of the closing date, \$1,000,000 of principal and accrued interest under the Note will be convertible into shares of the Company’s common stock based on the volume weighted average price per share for the ten preceding trading days (subject to a floor of \$2.00 per share) or become payable in cash. There was no beneficial conversion feature on the note date and the conversion terms of the note exempt it from derivative accounting.

**Note 7. Commitments and Contingencies**

**Employment Agreements**

From time to time, the Company enters into employment agreements with certain of its employees. These agreements typically include bonuses, some of which are performance-based in nature. As of January 31, 2018, no performance bonuses have been earned.

**Legal Matters**

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of January 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

**Regulatory Matters**

The Company’s subsidiaries, Aspen University and United States University, are subject to extensive regulation by Federal and State governmental agencies and accrediting bodies. In particular, the Higher Education Act (the “HEA”) and the regulations promulgated thereunder by the DOE subject the subsidiaries to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy to participate in the various types of federal student financial assistance programs authorized under Title IV of the HEA.

On August 22, 2017, the DOE informed Aspen University of its determination that the institution has qualified to participate under the HEA and the Federal student financial assistance programs (Title IV, HEA programs), and set a subsequent program participation agreement reapplication date of March 31, 2021.

USU currently has provisional certification to participate in the Title IV Programs due to the business combination. The provisional certification allows the school to continue to receive Title IV funding as it did prior to the change of ownership.

The HEA requires accrediting agencies to review many aspects of an institution's operations in order to ensure that the education offered is of sufficiently high quality to achieve satisfactory outcomes and that the institution is complying with accrediting standards. Failure to demonstrate compliance with accrediting standards may result in the imposition of probation, the requirements to provide periodic reports, the loss of accreditation or other penalties if deficiencies are not remediated.

Because Aspen University and USU operate in a highly regulated industry, it may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies or third parties, which allege statutory violations, regulatory infractions or common law causes of action.

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**Return of Title IV Funds**

An institution participating in Title IV Programs must correctly calculate the amount of unearned Title IV Program funds that have been disbursed to students who withdraw from their educational programs before completion and must return those unearned funds in a timely manner, no later than 45 days of the date the school determines that the student has withdrawn. Under Department regulations, failure to make timely returns of Title IV Program funds for 5% or more of students sampled on the institution's annual compliance audit in either of its two most recently completed fiscal years can result in the institution having to post a letter of credit in an amount equal to 25% of its required Title IV returns during its most recently completed fiscal year. If unearned funds are not properly calculated and returned in a timely manner, an institution is also subject to monetary liabilities or an action to impose a fine or to limit, suspend or terminate its participation in Title IV Programs.

Subsequent to a compliance audit, USU recognized that it had not fully complied with all requirements for calculating and making timely returns of Title IV funds (R2T4). In 2016, USU had a material finding related to the same issue and is required to maintain a letter of credit in the amount of \$71,634 as a result of this finding. The letter of credit has been provided to the Department of Education by AGI.

**Delaware Approval to Confer Degrees**

Aspen University is a Delaware corporation. Delaware law requires an institution to obtain approval from the Delaware Department of Education ("Delaware DOE") before it may incorporate with the power to confer degrees. In July 2012, Aspen received notice from the Delaware DOE that it was granted provisional approval status effective until June 30, 2015. On April 25, 2016 the Delaware DOE informed Aspen University it was granted full approval to operate with degree-granting authority in the State of Delaware until July 1, 2020. Aspen University is authorized by the Colorado Commission on Education to operate in Colorado as a degree granting institution.

USU is also a Delaware corporation and is in the process of obtaining Delaware approval.

**Note 8. Stockholders' Equity**

**Common Stock**

Effective May 24, 2017, the Company entered into waiver agreements with all of its investors in the April 2017 common stock offering. In consideration for waiving their registration rights, the Company paid to each of the investors 1.5% of their investment amount in the offering. The total amount paid was \$112,500 and was recorded in general and administrative expenses during the quarter ended July 31, 2017.

In November 2017, the company issued 5,000 restricted shares each to two consultants assisting with establishing the new campus. The shares were valued at \$88,700 based on the trading price of \$8.87 on the grant date and recorded as a prepaid asset being amortized over the six month term of the agreement. (See Note 11)

On December 1, 2017 certain assets were acquired and certain liabilities assumed from Educacion Significativa, LLC (dba United States University) by United States University, Inc. United States University, Inc. is a wholly owned subsidiary of Aspen Group Inc. As part of the purchase price the company issued 1,203,209 shares of AGI stock were valued at the quoted closing price of \$8.49 per share as of November 30, 2017. (See Note 10)



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**Warrants**

A summary of the Company's warrant activity during the nine months ended January 31, 2017 is presented below:

Warrants	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance outstanding, April 30, 2017	914,123	\$ 2.82	1.6	\$ 1,100,203
Granted	224,174	6.87	5.0	307,118
Exercised	(356,267)	0.55	—	—
Forfeited	—	—	—	—
Expired	(38,257)	—	—	—
Balance outstanding, January 31, 2018	<u>743,773</u>	<u>\$ 4.08</u>	<u>2.1</u>	<u>\$ 3,095,502</u>
Exercisable, January 31, 2018	<u>743,773</u>	<u>\$ 4.08</u>	<u>2.1</u>	<u>\$ 3,095,502</u>

In connection with the Senior Secured Term Loan that was finalized on July 25, 2017, the Company issued 224,174 5-year warrants at an exercise price of \$6.87. (See Note 5)

The Company issued 241,514 shares of Common Stock in conjunction with the cash and cashless exercise of 356,267 warrants. The Company received \$143,489 in conjunction with the cash exercises.

**Stock Incentive Plan and Stock Option Grants to Employees and Directors**

On March 13, 2012, the Company adopted the 2012 Equity Incentive Plan (the "Plan") that provides for the grant of 1,691,667 shares effective November 2015, 2,108,333 shares effective June 2016 and 3,500,000 shares effective July 2017, in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and restricted stock units to employees, consultants, officers and directors. As of January 31, 2018, there were 622,454 shares remaining under the Plan for future issuance. The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term, expected dividend yield rate over the expected option term, and an estimate of expected forfeiture rates. The Company believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes compensation on a straight-line basis over the requisite service period for each award. The following table summarizes the assumptions the Company utilized to record compensation expense for stock options granted to employees during the nine months ended January 31, 2018.

	January 31, 2018
Expected life (years)	4-6.5
Expected volatility	40-43%
Risk-free interest rate	0.00%
Dividend yield	n/a

The Company utilized the simplified method to estimate the expected life for stock options granted to employees. The simplified method was used as the Company does not have sufficient historical data regarding stock option exercises. The expected volatility is based on the average of the expected volatilities from the most recent audited financial statements available for comparative public companies that are deemed to be similar in nature to the Company. The risk-free interest rate is based on the U.S. Treasury yields with terms equivalent to the expected life of the related option at the time of the grant. Dividend yield is based on historical trends. While the Company believes these estimates are reasonable, the compensation expense recorded would increase if the expected life was increased, a higher expected volatility was used, or if the expected dividend yield increased.

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A summary of the Company's stock option activity for employees and directors during the nine months ended January 31, 2018, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance outstanding, April 30, 2017	2,097,384	\$ 1.86	2.7	\$ 12,489,871
Granted	844,000	\$ 3.53	3.4	1,867,740
Exercised	(63,838)	\$ 3.13	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Balance outstanding, January 31, 2018	<u>2,877,546</u>	<u>\$ 3.52</u>	<u>3.24</u>	<u>\$ 17,658,268</u>
Exercisable, January 31, 2018	<u>1,083,484</u>	<u>\$ 2.22</u>	<u>2.07</u>	<u>\$ 8,727,757</u>

On May 13, 2017, the Company granted its executive officers a total of 500,000 five-year options to purchase shares of the Company's common stock under the Plan. The options vest annually over three years, subject to continued employment at each applicable vesting date, and are exercisable at \$4.90 per share. The Chairman and Chief Executive Officer received 200,000 options with a fair value of \$282,000, the Chief Operating Officer received 200,000 options with a fair value of \$282,000, the Chief Academic Officer received 70,000 options with a fair value of \$98,700 and the Chief Financial Officer received 30,000 options with a fair value of \$42,300.

In May 2017, the Company issued 5,500 stock options to various employees at exercise prices ranging from \$4.95 to \$5.10 per share.

Effective June 11, 2017, the Company granted the Chief Academic Officer 30,000 five-year options. The options vest quarterly over a three-year period in 12 equal quarterly increments with the first vesting date being September 11, 2017, subject to continued employment on each applicable vesting date. The options are exercisable at \$6.28 per share and the fair value is \$54,000.

On August 21, 2017, 53,000 options were issued to 26 employees with an exercise price of \$5.95 per share and a fair value of \$90,630.

On January 4, 2018, 180,000 options were issued to the board of directors with an exercise price of \$9.07 per share and a fair value of \$421,200.

On January 14, 2018, 75,500 options were issued to employees with an exercise price of \$8.57 per share and a fair value of \$152,510.

During the nine months ended January 31, 2018, the company issued 113,597 shares of common stock in conjunction with the exercise of 63,838 stock options. The company received \$455,387 related to these exercises.

As of January 31, 2018, there was \$1,474,855 of unrecognized compensation costs related to nonvested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.0 years.

The Company recorded compensation expense of \$466,468 and \$253,833 for the nine months ended January 31, 2018 and 2017, respectively, in connection with stock options.

**Note 9. Related Party Transactions**

See Note 6 for discussion of convertible notes payable to a related party.

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**Note 10 – Acquisition of USU**

On December 1, 2017 certain assets were acquired and certain liabilities assumed from Educacion Significativa, LLC (dba United States University) by United States University, Inc. United States University, Inc. is a wholly owned subsidiary of Aspen Group Inc. (“AGI”) and was set up for purposes of finalizing the asset purchase transaction. For purposes of purchase accounting, Aspen Group, Inc. is referred to as the acquirer. Aspen Group, Inc. acquired the assets and assumed the liabilities of Educacion Significativa, LLC (dba United States University) for a purchase price of approximately \$14.8 million. The purchase consideration consisted of a cash payment of \$2,500,000 less an adjustment for working capital of approximately \$110,000 plus approximately \$200,000 of additional costs paid to/on behalf of and for the benefit of the seller, a convertible note of \$2,000,000 and 1,203,209 shares of AGI stock valued at the quoted closing price of \$8.49 per share as of November 30, 2017. The stock consideration represents \$10,215,244 of the purchase consideration.

The acquisition was accounted for by AGI in accordance with the acquisition method of accounting pursuant to ASC 805 “Business Combinations” and pushdown accounting was applied to record the fair value of the assets acquired and liabilities assumed on United States University, Inc. Under this method, the purchase price is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the amount paid over the estimated fair values of the identifiable net assets was \$5,011,432 which has been reflected in the balance sheet as goodwill.

The following is a summary of the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	Purchase Price Allocation	Useful Life
Cash and cash equivalents	\$ —	
Current assets acquired	244,465	
Other assets acquired	176,667	
Intangible assets		
Accreditation and regulatory approvals	6,200,000	
Trade name and trademarks	1,700,000	
Student relationships	2,000,000	2 years
Curriculum	200,000	1 year
Goodwill	5,011,432	
Less: Current liabilities assumed	(727,601)	
<b>Total purchase price</b>	<b>\$ 14,804,963</b>	

We determined the fair value of assets acquired and liabilities assumed based on assumptions that reasonable market participants would use while employing the concept of highest and best use of the respective items. We used the following assumptions, the majority of which include significant unobservable inputs (Level 3), and valuation methodologies to determine fair value:

- Intangibles - We used the multiple period excess earnings method to value the Accreditation and regulatory approvals. The Trade name and trademarks were valued using the relief-from-royalty method, which represents the benefit of owning these intangible assets rather than paying royalties for their use. The Student relationships were valued using the excess earnings method. The curriculum was valued using the replacement cost approach.
- Other assets and liabilities - The carrying value of all other assets and liabilities approximated fair value at the time of acquisition.

The goodwill resulting from the acquisition may become deductible for tax purposes in the future. The goodwill resulting from the acquisition is principally attributable to the future earnings potential associated with enrollment growth and other intangibles that do not qualify for separate recognition such as the assembled workforce.

We have selected an April 30<sup>th</sup> annual goodwill impairment test date.

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We assigned an indefinite useful life to the accreditation and regulatory approvals and the trade name and trademarks as we believe they have the ability to generate cash flows indefinitely. In addition, there are no legal, regulatory, contractual, economic or other factors to limit the intangibles' useful life and we intend to renew the intangibles, as applicable, and renewal can be accomplished at little cost. We determined all other acquired intangibles are finite-lived and we are amortizing them on either a straight-line basis or using an accelerated method to reflect the pattern in which the economic benefits of the assets are expected to be consumed. Amortization for the period of inception through January 31, 2018 was \$183,333.

The expected benefits from the business acquisition will allow USU, Inc. to achieve its vision of making college affordable again on a much broader scale along with providing various accreditations.

The Company is in the process of completing its accounting and valuations of USU, Inc. and accordingly, the estimated fair values and allocation of purchase price noted above is provisional pending the final valuation of the assets acquired and liabilities assumed which will not exceed one-year in accordance with ASC 805.

The total acquisition costs that AGI incurred was approximately \$1,050,000, of which approximately \$200,000 was incurred in the fiscal year ended April 30, 2017 and \$850,000 was incurred in the current year.

The results of operations of USU are included in the Company's consolidated statement of operations from the date of acquisition of December 1, 2017. The following supplemental unaudited pro forma combined information assumes that the acquisitions had occurred as of the beginning of each period present:

	<b>For the Year Ended April 30, 2017</b>	<b>For the Nine Months Ended October 31, 2017</b>
	(unaudited)	(unaudited)
Revenue	\$ 18,038,474	\$ 10,719,546
Net Loss	\$ (5,444,205)	\$ (3,521,086)
Loss per common share- basic and diluted	\$ (0.47)	\$ (0.26)

The pro forma financial information is not necessarily indicative of the results that would have occurred if these acquisitions had occurred on the dates indicated or that result in the future.

**Note 11. Subsequent Events**

On February 20, 2018, AGI announced that Aspen University is entering the pre-licensure Bachelor of Science in Nursing (BSN) degree program business. Aspen's first campus will be located in Phoenix, Arizona and the university is targeting to begin enrolling students for the upcoming summer semester.

Aspen's pre-licensure BSN program is offered as a full-time, three-year (nine semester) program that is specifically designed for students who do not currently hold a state nursing license and have no prior nursing experience. Aspen will admit students into three tracks; 1) High school graduates with no prior college credits, 2) students that have less than 48 general education prerequisites completed, and 3) students that have completed all 48 general education prerequisite credits and are ready to enter the core Nursing courses and clinical experiences.

Related to that announcement, Aspen University has entered into a 92 month lease for a total of 38,014 rentable square feet in a building complex in Phoenix for both the pre-licensure program and the enrollment center. The lease commencement date is expected to be in the spring of 2018 and upon commencement, the monthly payments will be approximately \$67,000 per month subject to escalation terms. During the quarter ended 1-31-18, the Company paid a deposit of \$519,000.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with our consolidated financial statements, which are included elsewhere in this Form 10-Q. Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in the Risk Factors contained in the Annual Report on Form 10-K filed on July 25, 2017 with the Securities and Exchange Commission, or the SEC.

All references to "we," "our," "us," "AGI," and "Aspen" refer to Aspen Group, Inc. and its subsidiaries, Aspen University Inc. ("Aspen University") and United States University Inc. ("USU"), unless the context otherwise indicates.

### Company Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "AGI") is a holding company. AGI has two subsidiaries, Aspen University Inc. ("Aspen University") organized in 1987 and United States University Inc. ("USU"). On March 13, 2012, the Company was recapitalized in a reverse merger.

Aspen Group's vision is to make college affordable again in America. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in online higher education. In March 2014, Aspen University unveiled a monthly payment plan aimed at reversing the college-debt sentence plaguing working-class Americans. The monthly payment plan offers bachelor students (except RN to BSN) the opportunity to pay their tuition at \$250/month for 72 months (\$18,000), nursing bachelor students (RN to BSN) \$250/month for 39 months (\$9,750), master students \$325/month for 36 months (\$11,700) and doctoral students \$375/month for 72 months (\$27,000), interest free, thereby giving students a monthly payment tuition payment option versus taking out a federal financial aid loan.

United States University (USU) began offering monthly payment plans in the summer of 2017. Today, monthly payment plans are available for the RN to BSN program (\$250/month), MBA/M.A.Ed/MSN programs (\$325/month), and the MSN-FNP program (\$375/month).

Since 1993, Aspen University has been nationally accredited by the Distance Education and Accrediting Council ("DEAC"), a national accrediting agency recognized by the U.S. Department of Education (the "DOE"). On February 25, 2015, the DEAC informed Aspen University that it had renewed its accreditation for five years to January, 2019.

Since 2009, USU has been regionally accredited by WASC Senior College and University Commission. ("WSCUC").

Both universities are qualified to participate under the Higher Education Act of 1965, as amended (HEA) and the Federal student financial assistance programs (Title IV, HEA programs).

### AGI Student Population Overview\*

Aspen University's active degree-seeking student body increased year-over-year by 49% during the fiscal quarter ended January 31, 2018, from 4,064 to 6,066 students. United States University's (USU's) active degree-seeking student body grew from 212 to 446 students or an increase of 110% from May, 2017 to January, 2018, highlighted by the College of Nursing growing to 326 students which now represents 73% of USU's total active student body.

Aspen University's most popular school is also its School of Nursing, which represents 73% of Aspen's total active student body, similar to USU. Aspen's School of Nursing grew from 2,899 to 4,401 student's year-over-year, which represented 75% of Aspen's active degree-seeking student body growth. At January 31, 2018, Aspen's School of Nursing included 2,869 active students in the RN to BSN program and 1,532 active students in the MSN program, RN to MSN Bridge program, or DNP program.

	Aspen University Q3 FY'2018	United States University Q3 FY'2018
New Student Enrollments	1,164	103**
Active Student Body	6,066	446
-College of Nursing Students	4,401	326
Monthly Payment Method Students	4,194	204

\* **Note: "Active Degree-Seeking Students" are defined as degree-seeking students who were enrolled in a course during the quarter reported, or are registered for an upcoming course.**

**\*\* Enrollment results for the two month period from December 1, 2017 – January 31, 2018.**

**Aspen University New Student Enrollment and Active Degree Seeking Student Body Growth**

Since the launch of the BSN marketing campaign in November, 2014, Aspen University’s growth rate of new student enrollments has accelerated significantly. Below is a quarterly analysis of the growth of Aspen University’s new student enrollments, as well as the growth of the active degree seeking student body over the past seven quarters, including the recent quarter ending January 31, 2018.

	<u>New Student Enrollments</u>	<u>Active Degree Seeking Student Body*</u>
Fiscal quarter end July 31, 2016	621	3,252
Fiscal quarter end October 31, 2016	811	3,726
Fiscal quarter end January 31, 2017	825	4,064
Fiscal quarter end April 30, 2017	986	4,681
Fiscal quarter end July 31, 2017	1,025	5,015
Fiscal quarter end October 31, 2017	1,255	5,641
Fiscal quarter end January 31, 2018	1,164	6,066

**Aspen University Revenue Summary**

Below is a summary of the nursing active degree-seeking student body as a percentage of the total active degree-seeking student body over the past six fiscal quarters.

	<u>Total Degree-Seeking Active Student Body</u>	<u>Nursing Degree-Seeking Active Student Body</u>	<u>Nursing Degree-Seeking Active Student Body (%)</u>
Quarter ended October 31, 2016	3,726	2,538	68%
Quarter ended January 31, 2017	4,064	2,899	71%
Quarter ended April 30, 2017	4,681	3,363	72%
Quarter ended July 31, 2017	5,015	3,569	71%
Quarter ended October 31, 2017	5,641	4,068	72%
Quarter ended January 31, 2018	6,066	4,401	73%

**Monthly Payment Programs Overview**

Since the March 2014 monthly payment plan announcement, 69% of Aspen University’s courses are now paid through monthly payment methods (based on courses started over the last 90 days). Aspen offers two monthly payment programs, a monthly payment plan in which students make payments every month over a fixed period (36, 39 or 72 months depending on the degree program), and a monthly installment plan in which students pay three monthly installments (day 1, day 31 and day 61 after the start of each course).

As of January 31, 2018, Aspen University had a total of 4,194 active students paying tuition through a monthly payment method of which 3,901 active students are paying through a monthly payment plan, and 293 students are paying through a monthly installment plan. Additionally, Aspen University is currently projecting to add approximately 120 active students/month net to its monthly payment programs through fiscal year 2018. The total contractual value of Aspen University’s monthly payment plan students now exceeds \$35 million which currently delivers monthly recurring tuition cash payments of approximately \$1,000,000.

Finally, as a consequence of monthly payment programs becoming the payment method of choice among the majority of Aspen’s degree-seeking student body, our HEA, Title IV Program revenue dropped from 25% of total cash receipts in fiscal year 2016 to 21% for fiscal year 2017.

## Marketing Efficiency Analysis

Aspen has developed a marketing efficiency ratio to continually monitor the performance of its business model.

$$\text{Marketing Efficiency Ratio} = \frac{\text{Revenue per Enrollment (RPE)}}{\text{Cost per Enrollment (CPE)}}$$

### Cost per Enrollment (CPE)

The Cost per Enrollment measures the marketing investment spent in a given quarter, divided by the number of new student enrollments achieved in that given quarter, in order to obtain an average CPE for the quarter measured.

### Revenue per Enrollment (RPE)

The Revenue per Enrollment takes each quarterly cohort of new degree-seeking student enrollments, and measures the amount of earned revenue including tuition and fees to determine the average RPE for the cohort measured. For the later periods of a cohort, in particular students four years or older, we have used reasonable projections based off of historical results to determine the amount of revenue we will earn in later periods of the cohort.

We created the reporting to track the CPE and RPE starting in 2012 and can accurately predict the CPE and RPE for each new student cohort. Our current CPE/RPE Marketing Efficiency Ratio is reflected in the below table.

### Quarterly New Student Cohort Actuals Data:

CPE/RPE Analysis *	6 Months Out	12 Months Out	2 Years Out	3 Years Out	4+ Years Out
Courses completed	2.24	3.52	5.28	6.48	8
Average RPE	\$1,974	\$3,078	\$4,630	\$5,684	\$7,000
RPE % earned	28%	44%	66%	81%	100%
Marketing efficiency ratio**	2.3x	3.5x	5.3x	6.5x	8.0x

\* Projection

\*\* Based on current \$876 CPE (six month rolling CPE average)

The average RPE is approximately \$7,000. Of the \$7,000, \$6,400 of the RPE is earned through tuition, with the remaining \$600 on average earned through miscellaneous fees (includes annual technology fee, withdrawal fees, graduation fees, proctored exams, course specific fees, etc.)

Aspen is projecting to average a Marketing Efficiency Ratio of 8.0x, in other words an 8.0x return on our marketing investment. Third-party companies in the higher education industry that manage the Enrollment and Marketing functions on behalf of Universities (also referred to as Managed Services companies) reportedly average 3-4x return on their marketing investments, meaning that Aspen's business model is currently performing at approximately double the efficiency level of that sector.

## Results of Operations

### For the Quarter Ended January 31, 2018 Compared with the Quarter Ended January 31, 2017

#### **Revenue**

Revenue from operations for the quarter ended January 31, 2018 ("2018 Quarter") increased to \$5,701,958 from \$3,735,626 for the quarter ended January 31, 2017 ("2017 Quarter"), an increase of \$1,966,332 or 53%.

## **Cost of Revenues (exclusive of amortization)**

The Company's cost of revenues consists of instructional costs and services and sales and marketing costs.

### **Instructional Costs and Services**

Instructional costs and services for the 2018 Quarter rose to \$1,196,949 from \$694,884 for the 2017 Quarter, an increase of \$502,065 or 72%. Instructional costs and services for the 2018 Quarter as a percentage of revenue was 21% as compared to 19% for the 2017 Quarter.

### **Sales and Marketing**

Sales and marketing costs for the 2018 Quarter were \$1,468,715 compared to \$664,247 for the 2017 Quarter, an increase of \$804,468 or 121%. The Company expects marketing and promotional costs to rise in future periods, given we expect to increase monthly marketing spend to over \$600,000 during the next fiscal year. In addition, this increase is partially attributed to the addition of an outside sales force of 9 representatives and those salaries and benefits are included in the 2018 Quarter numbers.

Gross Profit was 51% of revenues or \$2,900,633 for the 2018 Quarter as compared to 60% of revenues or \$2,256,918 for the 2017 Quarter. The reasons for the change are reflected in the individual expense items described above.

## **Costs and Expenses**

### **General and Administrative**

General and Administrative costs for the 2018 Quarter were \$4,677,359 compared to \$2,133,074 during the 2017 Quarter, an increase of \$2,544,285 or 119%. General and Administrative costs as a percentage of revenue for the 2018 Quarter was 82% compared to 57% during the 2017 quarter.

The Company incurred \$610,219 of one-time costs directly related to the USU acquisition. Excluding the \$610,219 one-time USU acquisition expenses, G&A increased sequentially by \$900,750. The acquisition of United States University accounted for over three-quarters of the G&A increase, as the company's non-faculty full-time staff rose from 110 to 142 employees. The majority of the remaining increase was a one-time expense of legal fees related to the HEMG NJ bankruptcy proceeding in which the company is a creditor.

Aspen University also recorded \$100,000 as a bad debt reserve, an increase reflective of the increase in revenue and students paying by monthly plans.

### **Depreciation and Amortization**

Depreciation and amortization costs for the 2018 Quarter rose to \$347,894 from \$132,727 for the 2017 Quarter, an increase of \$215,167 or 162%. This increase is substantially due to the amortization of intangible assets from the purchase of USU.

### **Other Expense, net**

Other expense, net for the 2018 Quarter increased to \$158,986 from \$78,317 in the 2017 Quarter, an increase of \$80,669 or 103%. This increase is due to interest paid on the credit facility.

### **Income Taxes**

Income taxes expense (benefit) for the comparable years was \$0 as Aspen Group experienced operating losses in both periods. As management made a full valuation allowance against the deferred tax assets stemming from these losses, there was no tax benefit recorded in the statement of operations in both periods.

### **Net Income (Loss)**

Net loss for 2018 Quarter was (\$2,147,945) as compared to income of \$7,377 for the 2017 Quarter, a decrease of \$2,155,322. In the 2018 Quarter, the results for USU have been included as well as all of the costs associated with the acquisition.



For the Nine Months Ended January 31, 2018 Compared with the Nine Months Ended January 31, 2017

**Revenue**

Revenue from operations for the nine months ended January 31, 2018 (“2018 Period”) increased to \$14,796,483 from \$9,957,467 for the nine months ended January 31, 2017 (“2017 Period”), an increase of \$4,839,016 or 49%.

**Cost of Revenues (exclusive of amortization)**

The Company’s cost of revenues consists of instructional costs and services and sales and marketing costs.

**Instructional Costs and Services**

Instructional costs and services for the 2018 Period rose to \$2,893,818 from \$1,701,945 for the 2017 Period, an increase of \$1,191,873 or 70%.

**Sales and Marketing**

Sales and marketing for the 2018 Period were \$3,388,996 from \$1,788,101 for the 2017 Period, an increase of \$1,600,895 or 90%. The Company expects sales and marketing to rise in future periods, given we expect to increase monthly marketing spend to over \$600,000 during the 2019 fiscal year.

Gross Profit rose to \$8,513,669 for the 2018 Period from \$6,467,421 for the 2017 Period. The reasons for the change are reflected in the individual expense items described above.

**Costs and Expenses**

**General and Administrative**

General and administrative costs for the 2018 Period were \$10,975,085 compared to \$6,228,554 during the 2017 Period, an increase of \$4,746,531 or 76%.

**Depreciation and Amortization**

Depreciation and amortization costs for the 2018 Period increased to \$631,969 from \$422,782 for the 2017 Period, an increase of \$209,187 or 49%.

**Other Income (Expense)**

Other expense increased to (\$303,190) from (\$172,615), an increase of \$130,575 or 76%. This increase is primarily due to interest paid on the credit facility. Other income increased to \$140,567 from \$1,684, primarily due to the interest income earned on the \$900,000 promissory note from USU and from the release of the warrant derivative liability of \$52,500.

**Income Taxes**

Income taxes expense (benefit) for the 2018 Period and 2017 Period was \$0 as Aspen Group experienced operating losses in both periods. As management made a full valuation allowance against the deferred tax assets stemming from these losses, there was no tax benefit recorded in the statement of operations in both periods.

**Net Loss**

Net loss for the 2018 Period was (\$3,396,575) as compared to (\$381,530) for the 2017 Period, an increase in the loss of \$3,015,045.

## Non-GAAP – Financial Measures

The following discussion and analysis includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income, operating income, and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of AGI nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

Our management uses and relies on EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the described excluded items.

AGI defines Adjusted EBITDA as earnings (or loss) from operations before the items in the table below including non-recurring charges of \$85,853. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measure calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between Aspen Group and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net income (loss) allocable to common shareholders, a GAAP financial measure:

	For the Quarters Ended	
	January 31,	
	2018	2017
Net income (loss)	\$ (2,147,945)	\$ 7,377
Interest expense, net of interest income	211,486	78,317
Depreciation & amortization	347,894	132,727
EBITDA (loss)	(1,588,565)	218,421
Bad debt expense	132,644	(25,680)
Acquisition expense	610,219	—
Non-recurring charges	85,853	146,809
Stock-based compensation	162,544	96,498
Adjusted EBITDA (Loss)	\$ (597,305)	\$ 436,048

## Liquidity and Capital Resources

A summary of our cash flows is as follows:

	For the Nine Months Ended January 31,	
	2018	2017
Net cash used in operating activities	\$ (3,654,947)	\$ (99,042)
Net cash used in investing activities	(3,031,667)	(571,856)
Net cash provided by financing activities	7,733,477	784,200
Net increase in cash and cash equivalents	\$ 1,046,863	\$ 113,302

### Net Cash Provided by (Used in) Operating Activities

Net cash used in operating activities during the 2018 Period totaled (\$3,654,947) and resulted primarily by the net loss of (\$3,396,575), offset by approximately \$1,200,000 in non-cash items and approximately \$1,100,000 decrease in operating assets and liabilities. The most significant item change operating assets and liabilities was an increase in accounts receivable of \$4,534,118 which is primarily attributed to the growth in revenues from students paying through the monthly payment plan. The most significant non-cash items were depreciation and amortization expense of \$631,969 and stock compensation expense of \$466,468.

Net cash used in operating activities during the 2017 Period totaled (\$99,042) and resulted primarily by non-cash items of \$925,740 and a net change in operating assets and liabilities of (\$668,252), reduced by the net loss of \$381,530. The most significant item change operating assets and liabilities was an increase in accounts receivable of \$2,331,140 which is primarily attributed to the growth in revenues from students paying through the monthly payment plan. The most significant non-cash items were depreciation and amortization expense of \$422,782 and stock compensation expense of \$253,833.

### Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities during the 2018 Period totaled (\$3,031,667) mostly attributed to cash paid in the USU acquisition and the purchase of property and equipment.

Net cash used in investing activities during the 2017 Period totaled (\$571,856) mostly attributed to the increase in software.

### Net Cash Provided By (Used In) Financing Activities

Net cash provided by financing activities during the 2018 Period totaled \$7,733,477 which reflects primarily the cash provided by the senior secured term loan.

Net cash provided by financing activities during the 2017 Period totaled \$784,200 which reflects the increase due to the new \$3,000,000 line of credit, of which \$1,250,000 has been drawn, offset by the buyback of warrants for \$400,000.

### Liquidity and Capital Resource Considerations

Historically, our primary source of liquidity is cash receipts from tuition and the issuances of debt and equity securities. More recently, we were able to secure traditional non-convertible debt. The primary uses of cash are payroll related expenses, professional expenses, and instructional and marketing expenses. We did issue a convertible note as part of the USU purchase price since the seller wanted the potential for capital appreciation and required part of the purchase price evidenced by a convertible note. On July 25, 2017, the Company finalized a \$10 million senior secured term loan, \$5 million of which was funded at the close and \$2.5 million with the closing of the USU acquisition.

As of March 15, 2018, the Company had a cash balance of approximately \$3.7 million. With the cash from the Company's senior secured term loan of \$10 million in total (of which \$7.5 million has been funded) and the growth in the Company revenues, the Company believes that it has sufficient cash to allow the Company to meet its operational expenditures for at least the next 12 months.

Our cash balances are kept liquid to support our growing infrastructure needs. The majority of our cash is concentrated in large financial institutions.

### **Critical Accounting Policies and Estimates**

In response to financial reporting release FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, from the SEC, we have selected our more subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on our financial condition. There were no material changes to our principal accounting estimates during the period covered by this report.

### **Related Party Transactions**

See Note 9 to the unaudited consolidated financial statements included herein for additional description of related party transactions that had a material effect on our unaudited consolidated financial statements.

### **Off Balance Sheet Arrangements**

We do not engage in any activities involving variable interest entities or off-balance sheet arrangements.

### **New Accounting Pronouncements**

See Note 2 to our unaudited consolidated financial statements included herein for discussion of recent accounting pronouncements.

### **Cautionary Note Regarding Forward Looking Statements**

This report contains forward-looking statements including statements regarding student growth, projected Marketing Efficiency Ratio, overall growth and liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is likely,” “will,” “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include the failure to maintain regulatory approvals, regulatory issues, competition, ineffective media and/or marketing, failure to maintain growth in degree seeking students and the integration of USU. Further information on our risk factors is contained in our filings with the SEC, including the Form 10-K filed on July 25, 2017. Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

### **ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures.** Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, required by Rule 13a-15 or 15d-15 of the Securities Exchange Act of 1934 (the “Exchange Act”) of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Based on their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting.** There were no changes in our internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. There were no material changes to our legal proceedings as described in the Company's Form 10-K during the period covered by this report.

### **ITEM 1A. RISK FACTORS**

Not applicable to smaller reporting companies.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

From November 1, 2017, to January 31, 2018, 87,470 shares were issued in connection with the cashless exercise of 178,917 warrants with exercise prices ranging from 3.99 to 6.00 per share. These securities were issued without registration under the Securities Act of 1933 in reliance upon the exemption provided in Section 3(a)(9) thereunder.

From November 1, 2017 to January 31, 2018, 64,584 shares were issued in connection with the exercise of warrants with exercise prices ranging from \$2.40 to \$6.00 per share. The Company received \$162,504 from these cash exercises. During the quarter ended January 31, 2018, 5,000 shares of common stock were issued to each of two consultants working on the Arizona campus initiative. These securities were issued without registration under the Securities Act of 1933 in reliance upon the exemption provided in Section 4(a)(2) and Rule 506(b) thereunder.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

Not applicable.

### **ITEM 6. EXHIBITS**

See the Exhibit Index at the end of this report.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Aspen Group, Inc.**

March 15, 2018

By: /s/ Michael Mathews  
Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)

March 15, 2018

By: /s/ Janet Gill  
Janet Gill  
Chief Financial Officer  
(Principal Financial Officer)

## EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
3.1	<a href="#">Certificate of Incorporation, as amended</a>	10-Q	3/9/17	3.1	
3.2	<a href="#">Bylaws, as amended</a>				Filed
4.1	<a href="#">Form of Convertible Note</a>	8-K	12/1/17	4.1	
10.1	<a href="#">Employment Agreement with Michael Mathews dated November 2, 2016*</a>	10-Q	3/9/17	10.1	
10.2	<a href="#">Loan and Security Agreement – Runway+</a>	8-K	7/28/17	10.1	
10.3	<a href="#">Registration Rights Agreement – Runway</a>	8-K	7/28/17	10.2	
10.4	<a href="#">Warrant Agreement – Runway +</a>	8-K	7/28/17	10.3	
10.5	<a href="#">Form of Registration Rights Waiver</a>	10-Q	9/14/17	10.4	
10.6	<a href="#">Promissory Note dated March 8, 2017 – Linden Finance</a>	10-K	7/25/17	10.1	
10.7	<a href="#">Employment Agreement dated June 11, 2017 – St. Arnaud*</a>	8-K	6/15/17	10.1	
10.8	<a href="#">Asset Purchase Agreement dated May 13, 2017 +</a>	8-K	5/18/17	10.1	
10.9	<a href="#">Employment Agreement dated November 24, 2014 - Gerard Wendolowski*</a>	10-K	7/28/15	10.19	
10.10	<a href="#">Employment Agreement dated November 24, 2014 - Janet Gill*</a>	10-K	7/28/15	10.18	
10.11	<a href="#">2012 Equity Incentive Plan, as amended*</a>				Filed
10.12	<a href="#">Form of Stock Purchase Agreement</a>	8-K	4/10/17	10.1	
10.13	<a href="#">Form Waiver of Registration Rights Agreement</a>	8-K	5/30/17	10.1	
10.14	<a href="#">Form of Registration Rights Agreement</a>	8-K	4/10/17	10.2	
10.15	<a href="#">Loan Agreement dated August 31, 2016 – Cooperman</a>	8-K	9/7/16	2.1	
10.16	<a href="#">Revolving Promissory Note dated August 31, 2016 – Cooperman</a>	8-K	9/7/16	2.2	
10.17	<a href="#">Warrant dated August 31, 2016 – Cooperman</a>	8-K	9/7/16	3.1	
10.18	<a href="#">Note Conversion Agreement dated April 16, 2016 – Mathews</a>	10-K	7/27/16	10.4	
10.19	<a href="#">Letter Agreement with Warrant Holders for Reduced Exercise Price and Early Exercise 2016</a>	10-K	7/27/16	10.19	
31.1	<a href="#">Certification of Principal Executive Officer (302)</a>				Filed
31.2	<a href="#">Certification of Principal Financial Officer (302)</a>				Filed
32.1	<a href="#">Certification of Principal Executive and Principal Financial Officer (906)</a>				Furnished**
101.INS	XBRL Instance Document				Filed
101.SCH	XBRL Taxonomy Extension Schema Document				Filed
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				Filed
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				Filed
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				Filed
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				Filed

\* Management contract or compensatory plan or arrangement.

\*\* This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

+ Certain schedules, appendices and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission staff upon request.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to Aspen Group, Inc., at the address on the cover page of this report, Attention: Corporate Secretary.

**BYLAWS**  
**OF**  
**ASPEN GROUP, INC., As Amended**

Article I. Meetings of Shareholders

Section 1. Annual Meeting. The annual meeting of the shareholders of this Company shall be held at the time and place designated by the Board of Directors of the Company. Business transacted at the annual meeting shall include the election of directors of the Company.

Section 2. Special Meetings. Special meetings of the shareholders shall be held when directed by the Board of Directors.

Section 3. Place. Meetings of shareholders may be held within or without the State of Delaware.

Section 4. Notice. Written notice (including, where applicable, any notice required by the rules of the Securities and Exchange Commission) stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 60 days before the meeting, by first class mail or email to the extent permitted under the rules of the Securities and Exchange Commission, by or at the direction of the chief executive officer, the president, the secretary, or another officer to each shareholder of record entitled to vote at such meeting. Such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the Company, with postage prepaid thereon or when emailed (if authorized). The provisions of Section 229 of the Delaware General Corporation Law (the "DGCL") as to waiver of notice are applicable.

Section 5. Notice of Adjourned Meetings. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If, however, after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of adjourned meeting, shall be given as provided in this section to each shareholder of record on the new record date entitled to vote at such meeting.

Section 6. Closing of Transfer Books and Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, 60 days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least 10 days immediately preceding such meeting.

In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for the determination of shareholders, such date in any case to be not more than 60 days and, in case of a meeting of shareholders, not less than 10 days prior to the date on which the particular action requiring such determination of shareholders is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the day preceding the day on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

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When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date for the adjourned meeting.

Section 7. Shareholder Quorum and Voting. A majority of the outstanding shares of each class or series of voting stock then entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. When a specified item of business is required to be voted on by a class or series of stock, a majority of the outstanding shares of such class or series shall constitute a quorum for the transaction of such item of business by that class or series.

For all matters other than election of directors as otherwise provided by law, by applicable stock exchange rules, by the certificate of incorporation or these bylaws, if a quorum is present, all actions taken by the holders of a majority of the votes cast on a proposal, excluding abstentions, shall be the act of the shareholders, and when approval of a class or series is required, the affirmative vote of the majority of the votes cast on a proposal, excluding abstentions, by the holders of shares of such class or series shall be the act of such class or series.

If a quorum is present, the affirmative vote of the majority of the votes cast for or against a proposal shall be the act of the shareholders unless otherwise provided by the Delaware General Corporation Law or these bylaws; provided, however that the directors of the Company shall be elected by a plurality of such shares.

After a quorum has been established at a shareholders' meeting, the subsequent withdrawal of shareholders, so as to reduce the number of shareholders entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

Section 8. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except as may be otherwise provided in a certificate of designation filed with the Delaware Secretary of State.

Treasury shares, shares of stock of this Company owned by another corporation, the majority of the voting stock of which is owned or controlled by this Company, and shares of stock of this Company, held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

A shareholder may vote either in person or by proxy executed in writing by the shareholder or his duly authorized attorney-in-fact.

At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected at that time and for whose election he has a right to vote.

Shares standing in the name of another corporation, domestic or foreign, may be voted by the officer, agent, or proxy designated by the bylaws of the corporate shareholder; or, in the absence of any applicable bylaw, by such person as the Board of Directors of the corporate shareholder may designate. Proof of such designation may be made by presentation of a certified copy of the bylaws or other instrument of the corporate shareholder. In the absence of any such designation, or in case of conflicting designation by the corporate shareholder, the chairman of the board, chief executive officer, president, any vice president, secretary and treasurer of the corporate shareholder shall be presumed to possess, in that order, authority to vote such shares.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.



Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee or his nominee shall be entitled to vote the shares so transferred.

On and after the date on which written notice of redemption of redeemable shares has been mailed to the holders thereof and a sum sufficient to redeem such shares has been deposited with a bank or trust company with irrevocable instruction and authority to pay the redemption price to the holders thereof upon surrender of certificates therefor, such shares shall not be entitled to vote on any matter and shall not be deemed to be outstanding shares.

Section 9. Proxies. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting of a shareholders' duly authorized attorney-in-fact may authorize another person or persons to act for him by proxy.

Every proxy must be signed by the shareholder or his attorney in-fact. No proxy shall be valid after the expiration of three years from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by law.

The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the shareholder who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the corporate officer responsible for maintaining the list of shareholders.

If a proxy for the same shares confers authority upon two or more persons and does not otherwise provide, a majority of them present at the meeting, or if only one is present then that one, may exercise all the powers conferred by the proxy; but if the proxy holders present at the meeting are equally divided as to the right and manner of voting in any particular case, the voting of such shares shall be prorated.

If a proxy expressly provides, any proxy holder may appoint in writing a substitute to act in his place.

#### Section 10. Advance Notice at Annual Meeting.

(a) At an annual meeting of shareholders only such business shall be conducted as is a proper matter for shareholder action under the DGCL and as shall have been properly brought before the meeting. Matters may be properly brought before the annual meeting, only as follows: (i) brought before the meeting and specified pursuant to the Company's notice of meeting of the shareholders, (ii) otherwise brought specifically by or at the direction of the Board of Directors, or (iii) by any shareholder of the Company who was a shareholder of record who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 10; provided, that if such matter is proposed on behalf of a beneficial owner it may only be properly brought before the meeting, if such beneficial owner was the beneficial owner of shares of the Company at the time of the giving of the shareholder's notice provided for in Section 10(b) below. Clause (iii) above shall be the exclusive means for a shareholder to make nominations and submit other business (other than matters properly included in the Company's notice of meeting of shareholders and proxy statement under the Securities Exchange Act of 1934 and the rules and regulations thereunder (the "Exchange Act")) before an annual meeting of shareholders.

(b) At an annual meeting of shareholders, the following procedures shall apply in order for a matter to be properly brought before the meeting by a shareholder.

(i) For nominations for election to the Board of Directors to be properly brought before an annual meeting by a shareholder pursuant to clause (iii) of Section 10(a), the shareholder must deliver written notice to the secretary at the principal executive offices of the Company on a timely basis as set forth in Section 10(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 10(c). Such shareholder's notice shall set forth: (A) as to each nominee such shareholder proposes to nominate at the

meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class and number of shares of each class of capital stock of the Company which are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) a statement whether such nominee, if elected, intends to tender promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors (6) with respect to each nominee for election or re-election to the Board of Directors, include a completed and signed questionnaire, representation and agreement required by Section 10(e), and (7) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 10(b)(iv). The Company may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(ii) For business other than nominations for election to the Board of Directors to be properly brought before an annual meeting by a shareholder pursuant to clause (C) of Section 10(a), the shareholder must deliver written notice to the secretary at the principal executive offices of the Company on a timely basis as set forth in Section 10(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 10(c). Such shareholder's notice shall set forth: (A) as to each matter such shareholder proposes to bring before the meeting, (1) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at such meeting, (2) the text of the proposal to be presented at the meeting, (3) a statement in support of the proposal, (4) a representation that such shareholder intends to appear in person, by remote communication, if applicable, or by proxy at the meeting to bring such business before the meeting, (5) the name and address, as they appear on the Company's books, of the shareholder proposing such business, (6) the class, series and number of shares of the Company which are owned of record and beneficially owned by the shareholder, and (7) any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the Company's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 10(b)(iv).

(iii) To be timely, the written notice required by Section 10(b)(i) or 10(b)(ii) must be received by the secretary at the principal executive offices of the Company not later than the close of business on the 120<sup>th</sup> day nor earlier than the close of business on the 150<sup>th</sup> day prior to the first anniversary of the date on which the Company released its proxy materials to its shareholders for the prior year's annual meeting of shareholders or any longer period provided for by applicable law; provided, however, that in the event that the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, for notice by the shareholder to be timely, such shareholder's written notice must be delivered to the secretary not later than the close of business on the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made, whichever is later. Notwithstanding the foregoing, in no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a shareholder's notice as described above.

(iv) The written notice required by Section 10(b)(i) or 10(b)(ii) shall also set forth, as of the date of the notice and as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "Proponent" and collectively, the "Proponents"): (A) the name and address of each Proponent, as they appear on the Company's books; (B) the class, series and number of shares of the Company that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the Company entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons

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specified in the notice (with respect to a notice under Section 10(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 10(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the Company's voting shares to elect such nominee or nominees (with respect to a notice under Section 10(b)(i)) or to carry such proposal (with respect to a notice under Section 10(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other shareholder supporting the proposal on the date of such shareholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous 12 month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

For purposes of Sections 10 and 11, a "Derivative Transaction" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial owner:

- (w) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company,
- (x) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company,
- (y) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or
- (z) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with respect to any securities of the Company,

which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member.

(c) A shareholder providing written notice required by Section 10(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) as of the date that is five business days prior to the meeting and, in the event of any adjournment or postponement thereof, five business days prior to any adjournment or postponement thereof. In the case of an update and supplement pursuant to clause (i) of this Section 10(c), such update and supplement shall be received by the secretary at the principal executive offices of the Company not later than five business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 10(c), such update and supplement shall be delivered to, or mailed and received by, the secretary at the principal executive offices of the Company not later than two business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two business days prior to any adjournment or postponement thereof.

(d) Notwithstanding anything in Section 10(b)(iii) to the contrary, in the event that the number of directors in an Expiring Class (as defined below) is increased and there was no appointment of a director made or no public announcement of an appointment of a director to fill such vacancy is made by the Company at least 10 days before the last day a shareholder may deliver a notice of nomination in accordance with Section 10(b)(iii), a shareholder's notice required by this Section 10 and which complies with the requirements in Section 10(b)(i), other than the timing requirements in Section 10(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions in such Expiring Class, created by such increase, if it shall be received by the Secretary at the principal executive offices of the Company not later than the close of business on the 10<sup>th</sup> day following the day on which such public announcement is first made by the Company. For purposes of this Section 10(d), an "Expiring Class" shall mean a class of directors whose term shall expire at the next annual meeting of shareholders.



(e) To be eligible to be a nominee for election or re-election as a director of the Company pursuant to a nomination under clause (iii) of Section 10(a), such nominee or a person on his or her behalf must deliver (in accordance with the time periods prescribed for delivery of notice under Section 10(b)(iii) or Section 10(d), as applicable) to the secretary at the principal executive offices of the Company a written questionnaire with respect to the background and qualification of such nominee and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the secretary upon written request) and a written representation and agreement (in the form provided by the secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Company in the questionnaire or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary duties under applicable law; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Company that has not been disclosed therein; and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply with, all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company.

(f) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (i), (ii) or (iii) of Section 10(a). Except as otherwise required by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these bylaws and, if any proposed nomination or business is not in compliance with these bylaws, to declare that such defective proposal or nomination shall not be presented for shareholder action at the meeting and shall be disregarded. Notwithstanding anything in these bylaws to the contrary, unless otherwise required by law, if a shareholder intending to make a nomination at a meeting pursuant to Section 10(b)(i) or to propose business at a meeting pursuant to Section 10(b)(ii) does not provide the information in the shareholder's notice required under Section 10(b)(i) or 10(b)(ii), as applicable, within the applicable time periods specified in this Section 10 (including any update and supplement required under Section 10(c)), or the shareholder (or a qualified representative of the shareholder) does not appear at the meeting to make such nomination or to propose such business, or the Proponents shall not have acted in accordance with the representations required under Section 10(b)(iv)(E), such nomination or proposal shall not be presented for shareholder action at the meeting and shall be disregarded, as determined by the chairman of the meeting as described above, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

(g) In order to include information with respect to a shareholder proposal in the proxy statement and form of proxy for a shareholders' meeting, a shareholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder. Nothing in these bylaws shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Company's proxy statement pursuant to the rules and regulations under the Exchange Act; provided, however, that any references in these bylaws to the Exchange Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 10(a)(iii) of these bylaws.

(h) For purposes of Sections 10 and 11,

(i) "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; and

(ii) "affiliates" and "associates" shall have the meanings set forth in Rule 405 under the Securities Act of 1933.

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## Section 11. Advance Notice at Special Meetings.

(a) Special meetings of the shareholders of the Company may be called pursuant to Section 2, provided that such written request is in compliance with the requirements of Section 11(b) (a "Shareholder-Requested Meeting"). A request to call a special meeting pursuant to Section 2(b) shall not be valid unless made in accordance with the requirements and procedures set forth in this Section 11. Except as may otherwise be required by law, the Board of Directors shall determine, in its sole judgment, the validity of any request under Section 2(b), including whether such request was properly made in compliance with these bylaws.

(b) For a special meeting called pursuant to Section 2, the Board of Directors shall determine the time and place of such special meeting, subject to the provisions below with respect to a Shareholder-Requested Meeting. Following determination of the time and place of the meeting, the secretary shall cause a notice of meeting to be given to the shareholders entitled to vote, in accordance with these bylaws. For a Shareholder-Requested Meeting, the request shall (i) be in writing, signed and dated by the shareholders who have who delivered the written request for the special meeting, (ii) set forth the purpose of calling the special meeting and include the information required by the shareholder's notice as set forth in Section 10(b)(i), including the questionnaire, representation and agreement required by Section 10(e) (for nominations for the election to the Board of Directors) and in Section 10(b)(ii) (for the proposal of business other than nominations), (iii) be delivered personally or sent by certified or registered mail, return receipt requested, to the secretary at the principal executive offices of the Company. The shareholder shall also update and supplement such information as required under Section 10(c). If the Board of Directors determines that a request pursuant to Section 2(b) is valid, the Board shall determine the time and place, if any, of a Shareholder-Requested Meeting, which time shall be not less than 90 nor more than 120 days after the receipt of such request, and shall set a record date for the determination of shareholders entitled to vote at such meeting in the manner set forth in these bylaws. No business may be transacted at a special meeting, including a Shareholder-Requested Meeting, otherwise than as specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the Company who is a shareholder of record at the time of giving notice provided for in this Section 11(c), who shall be entitled to vote at the meeting and who delivers written notice to the Secretary of the Company setting forth the information required by Section 10(b)(i); provided, that if such nominee is proposed on behalf of a beneficial owner it may only be properly brought before the meeting, if such beneficial owner was the beneficial owner of shares of the Company at the time of giving notice provided for in this Section 11(c). In the event the Company calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Company's notice of meeting, if written notice setting forth the information required by Section 10(b)(i) shall be received by the secretary at the principal executive offices of the Company no later than the close of business on the later of the 90<sup>th</sup> day prior to such meeting or the 10<sup>th</sup> day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The shareholder shall also update and supplement such information as required under Section 10(c). In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a shareholder's notice as described above.

(d) Notwithstanding the foregoing provisions of this Section 11, a shareholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 12. Nothing in these bylaws shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Exchange Act; provided, however, that any references in these bylaws to the Exchange Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors and/or proposals of other business to be considered pursuant to Section 2 of these bylaws.

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## Article II. Directors

Section 1. Function. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors.

Section 2. Qualification. Directors need not be residents of this state or shareholders of this Company.

Section 3. Compensation. The Board of Directors shall have authority to fix the compensation of directors.

Section 4. Duties of Directors. A director shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

In performing his duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) one or more officers or employees of the Company whom the director reasonably believes to be reliable and competent in the matters presented,
- (b) counsel, public accountants or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence, or
- (c) a committee of the board upon which he does not serve, duly designated in accordance with a provision of the certificate of incorporation or the bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance described above to be unwarranted.

A person who performs his duties in compliance with this section shall have no liability by reason of being or having been a director of the Company.

Section 5. Presumption of Assent. A director of the Company who is present at a meeting of its Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

Section 6. Number. This Company shall have no less than three nor greater than 11 directors. The number of directors may be established from time-to-time by resolution of the Board of Directors, but no decrease shall have the effect of shortening the terms of any incumbent director.

Section 7. Election and Term. Each person named in the certificate of incorporation as a member of the initial Board of Directors and all other directors appointed by the Board of Directors to fill vacancies thereof shall hold office until the first annual meeting of shareholders, and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death. At the first annual meeting of shareholders and at each annual meeting thereafter the shareholders shall elect directors to hold office until the next succeeding annual meeting. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors despite having less than a quorum of the Board of Directors. A director elected to fill a vacancy shall hold office only until the next election of directors by the shareholders.



Section 9. Removal of Directors. At a meeting of the shareholders called expressly for that purpose, any director or the entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of the shares of each class or series of voting stock, present in person or by proxy, then entitled to vote at an election of directors.

Section 10. Quorum and Voting. A majority of the number of directors then serving as directors shall constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 11. Director Conflicts of Interest. No contract or other transaction between this Company and one or more of its directors or officers or any other corporation, firm, association or entity in which one or more of the directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if:

- (a) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or
- (b) The fact of such relationship or interest is disclosed or known to the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or
- (c) The contract or transaction is fair as to the Company at the time it is authorized by the board, a committee or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

Section 12. Place of Meeting. Regular and special meetings by the Board of Directors may be held within or without the State of Delaware.

Section 13. Time, Notice and Call of Meetings. Notice of the time and place of meetings of the Board of Directors shall be given to each director by either personal delivery, any form of electronic notice including email or facsimile transmission, as long as the director is able to retain a copy of the notice, at least one day before the meeting.

Notice of a meeting of the Board of Directors need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all obligations to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors.

Meetings of the Board of Directors may be called by the chief executive officer or president of the Company or by any director.

Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

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Section 14. Action Without a Meeting. Any action required to be taken at a meeting of the directors of the Company, or any action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action to be taken, signed by all of the directors, is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

Section 15. Committees. The Board of Directors may designate from among its members such committees it deems prudent, such as, but not limited to, an executive committee, an audit committee, and a compensation committee and nominating committee.

### Article III. Officers

Section 1. Officers. The officers of this Company shall consist of a chief executive officer, a president, a chief financial officer, a chief marketing officer, any vice president(s) designated by the Board of Directors, a secretary, a treasurer and such other officers as may be designated by the Board of Directors, each of whom shall be elected by the Board of Directors from time to time. Any two or more offices may be held by the same person. The failure to elect any of the above officers shall not affect the existence of this Company.

Section 2. Duties. The officers of this Company shall have and perform the powers and duties usually pertaining to their respective offices, the powers and duties prescribed by these bylaws, any additional powers and duties as may from time to time be prescribed by the Board of Directors and such other duties as delegated by the chief executive officer including the following:

The chief executive officer shall have general and active management of the business and affairs of the Company subject to the directions of the Board of Directors.

The president shall be responsible for overseeing all academic matters, ensuring that the Company complies with all regulations related to its business, and establishing all academic standards. He shall also perform such duties as are conferred upon him by the chief executive officer of the Company and as may be prescribed by the Board of Directors.

The chief financial officer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Company and be primarily responsible for all filings with the Securities and Exchange Commission. He shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Company and shall perform such other duties as may be prescribed by the Board of Directors. In the absence of a resolution of the Board of Directors appointing a different officer, the chief financial officer shall act when the chief executive officer is unavailable.

The chief marketing officer shall be responsible for the sales and marketing efforts with respect to the Company's business and shall perform such other duties as may be conferred on him by the chief executive officer or as may be prescribed by the Board of Directors.

Any other vice president(s) shall perform such duties as may be prescribed by the Board of Directors or the chief executive officer and shall act whenever the chairman and chief executive officer shall be unavailable.

The secretary shall have custody of and maintain all of the corporate records except the financial records, shall record the minutes of all meetings of the shareholders and whenever else required by the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors.

The treasurer shall be the legal custodian of all monies, notes, securities and other valuables that may from time to time come into the possession of the Company. He shall immediately deposit all funds of the Company coming into his hands in some reliable bank or other depository to be designated by the Board of Directors and shall keep this bank account in the name of the Company.



The chief operating officer is responsible for the day-to-day activities of the Company and for the development, design, operation and improvement of its operations and shall perform such other duties as may be prescribed by the Board of Directors.

The chief academic officer is responsible for the oversight of all educational affairs and activities, including research and academic personnel and shall perform such other duties as may be prescribed by the Board of Directors.

Section 3. Removal of Officers. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Company will be served thereby.

Any officer or agent elected by the shareholders may be removed only by vote of the shareholders, unless the shareholders shall have authorized the directors to remove such officer or agent.

Any vacancy, however, occurring, in any office may be filled by the Board of Directors.

Removal of any officer shall be without prejudice to the contract rights, if any, of the person so removed; however, election or appointment of an officer or agent shall not of itself create contract rights.

#### Article IV. Stock Certificates

Section 1. Issuance. Every holder of shares in this Company shall be entitled to have a certificate, representing all shares to which he is entitled. No certificate shall be issued for any share until such share is fully paid.

Section 2. Form. Certificates representing shares in this Company shall be signed by the chairperson or vice-chairperson, the president or vice president and the secretary or an assistant secretary or treasurer or assistant treasurer and may be sealed with the seal of this Company or a facsimile thereof. The signature of the chairperson or vice-chairperson, the president or vice president and the secretary or assistant secretary or treasurer or assistant treasurer may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the Company itself or an employee of the Company. In case any officer who signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Company with the same effect as if he were such officer at the date of its issuance.

Every certificate representing shares issued by this Company shall set forth or fairly summarize upon the face or back of the certificate, or shall state that the Company will furnish to any shareholder upon request and without charge a full statement of, the designations, preferences, limitations and relative rights of the shares of each class or series authorized to be issued, and the variations in the relative rights and preferences between the shares of each series so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series.

Every certificate representing shares which are restricted as to the sale, disposition, or other transfer of such shares shall state that such shares are restricted as to transfer and shall set forth or fairly summarize upon the certificate, or shall state that the Company will furnish to any shareholder upon request and without charge a full statement of, such restrictions.

Each certificate representing shares shall state upon its face: the name of the Company; that the Company is organized under the laws of this state; the name of the person or persons to whom issued; the number and class of shares, and the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate, or a statement that the shares are without par value.

Section 3. Transfer of Stock. Except as provided in Section 4 of this Article, the Company shall register a stock certificate presented to it for transfer if the certificate is properly endorsed by the holder of record or by his duly authorized attorney, and the signature of such person has been guaranteed by a commercial bank or trust company or by a member of the New York Stock Exchange or any successor thereto.

Section 4. Off-Shore Offerings. In all offerings of equity securities pursuant to Regulation S of the Securities Act of 1933 (the "Act"), the Company shall require that its stock transfer agent refuse to register any transfer of securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Act or an available exemption under the Act.

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Section 5. Lost, Stolen or Destroyed Certificates. The Company shall issue a new stock certificate in the place of any certificate previously issued if the holder of record of the certificate (a) makes proof in affidavit form that it has been lost, destroyed or wrongfully taken; (b) requests the issuance of a new certificate before the Company has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of any adverse claim; (c) gives bond in such form as the Company may direct, to indemnify the Company, the transfer agent, and registrar against any claim that may be made on account of the alleged loss, destruction, or theft of a certificate; and (d) satisfies any other reasonable requirements imposed by the Company.

#### Article V. Books and Records

Section 1. Books and Records. This Company shall keep correct and complete records and books of account and shall keep minutes of the proceedings of its shareholders, Board of Directors and committees of directors.

This Company shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders, and the number, class and series, if any, of the shares held by each.

Any books, records and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Any person who shall have been a holder of record of shares or of voting trust certificates therefor at least six months immediately preceding his demand or shall be the holder of record of, or the holder of record of voting trust certificates for, at least five percent of the outstanding shares of any class or series of the Company, upon written demand stating the purpose thereof, shall have the right to examine, in person or by agent or attorney, at any reasonable time or times, for any proper purpose its relevant books and records of accounts, minutes and records of shareholders and to make extracts therefrom.

Section 2. Financial Information. Not later than three months after the close of each fiscal year, this Company shall prepare a balance sheet showing in reasonable detail the financial condition of the Company as of the close of its fiscal year, and a profit and loss statement showing the results of the operations of the Company during its fiscal year.

Upon the written request of any shareholder or holder of voting trust certificates for shares of the Company, the Company shall mail to such shareholder or holder of voting trust certificates a copy of the most recent such balance sheet and profit and loss statement.

The balance sheets and profit and loss statements shall be filed in the registered office of the Company in this state, shall be kept for at least five years, and shall be subject to inspection during business hours by any shareholder or holder of voting trust certificates, in person or by agent.

#### Article VI. Dividends

The Board of Directors of this Company may, from time to time, declare and the Company may pay dividends on its shares in cash, property or its own shares, except when the Company is insolvent or when the payment thereof would render the Company insolvent or when the declaration or payment thereof would be contrary to any restrictions contained in the certificate of incorporation, subject to the following provisions:

(a) Dividends in cash or property may be declared and paid, except as otherwise provided in this section, only out of the unreserved and unrestricted earned surplus of the Company or out of capital surplus, howsoever arising but each dividend paid out of capital surplus shall be identified as a distribution of capital surplus, and the amount per share paid from such surplus shall be disclosed to the shareholders receiving the same concurrently with the distribution.

(b) Dividends may be declared and paid in the Company's own treasury shares.

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(c) Dividends may be declared and paid in the Company's own authorized but unissued shares out of any unreserved and unrestricted surplus of the Company upon the following conditions:

(1) If a dividend is payable in shares having a par value, such shares shall be issued at not less than the par value thereof and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate par value of the shares to be issued as a dividend.

(2) If a dividend is payable in shares without a par value, such shares shall be issued at such stated value as shall be fixed by the Board of Directors by resolution adopted at the time such dividend is declared, and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate stated value so fixed in respect of such shares; and the amount per share so transferred to stated capital shall be disclosed to the shareholders receiving such dividend concurrently with the payment thereof.

(d) No dividend payable in shares of any class shall be paid to the holders of shares of any other class unless the certificate of incorporation so provide or such payment is authorized by the affirmative vote or the written consent of the holders of at least a majority of the outstanding shares of the class in which the payment is to be made.

(e) A split-up or division of the issued shares of any class into a greater number of shares of the same class without increasing the stated capital of the Company shall not be construed to be a share dividend within the meaning of this section.

#### Article VII. Corporate Seal

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the following:



#### Article VIII. Amendment

These bylaws may be repealed or amended, and new bylaws maybe adopted, by the Board of Directors or the shareholders in accordance with Section 109 of the DGCL.

#### Article IX. Governing Law; Forum for Adjudication of Disputes

These bylaws and the internal affairs of the Company shall be governed by and interpreted under the laws of the State of Delaware, excluding its conflict of laws principles. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer (or affiliate of any of the foregoing) of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Company Law or the Company's Certificate of Incorporation or Bylaws, or (iv) any other action asserting a claim arising under, in connection with, and governed by the internal affairs doctrine.

**ASPEN GROUP, INC.**  
**2012 EQUITY INCENTIVE PLAN, As Amended**

1. Scope of Plan; Definitions.

(a) This 2012 Equity Incentive Plan (the “Plan”) is intended to advance the interests of Aspen Group, Inc. (the “Company”) and its Related Corporations by enhancing the ability of the Company to attract and retain qualified employees, consultants, Officers and directors, by creating incentives and rewards for their contributions to the success of the Company and its Related Corporations. This Plan will provide to (a) Officers and other employees of the Company and its Related Corporations opportunities to purchase common stock (“Common Stock”) of the Company pursuant to Options granted hereunder which qualify as incentive stock options (“ISOs”) under Section 422(b) of the Internal Revenue Code of 1986 (the “Code”), (b) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to purchase Common Stock in the Company pursuant to options granted hereunder which do not qualify as ISOs (“Non-Qualified Options”); (c) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to receive shares of Common Stock of the Company which normally are subject to restrictions on sale (“Restricted Stock”); (d) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to receive grants of stock appreciation rights (“SARs”); and (e) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to receive grants of restricted stock units (“RSUs”). ISOs, Non-Discretionary Options and Non-Qualified Options are referred to hereafter as “Options.” Options, Restricted Stock, RSUs and SARs are sometimes referred to hereafter collectively as “Stock Rights.” Any of the Options and/or Stock Rights may in the Compensation Committee’s discretion be issued in tandem to one or more other Options and/or Stock Rights to the extent permitted by law.

(b) For purposes of the Plan, capitalized words and terms shall have the following meaning:

“Board” means the board of directors of the Company.

“Bulletin Board” shall mean the Over-the-Counter Bulletin Board.

“Chairman” means the chairman of the Board.

“Change of Control” means the occurrence of any of the following events: (i) the consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets in a transaction which requires shareholder approval under applicable state law; or (ii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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“Code” shall have the meaning given to it in Section 1(a).

“Common Stock” shall have the meaning given to it in Section 1(a).

“Company” shall have the meaning given to it in Section 1(a).

“Compensation Committee” means the compensation committee of the Board, if any, which shall consist of two or more members of the Board, each of whom shall be both an “outside director” within the meaning of Section 162(m) of the Code and a “non-employee director” within the meaning of Rule 16b-3. All references in this Plan to the Compensation Committee shall mean the Board when (i) there is no Compensation Committee or (ii) the Board has retained the power to administer this Plan.

“Disability” means “permanent and total disability” as defined in Section 22(e)(3) of the Code or successor statute.

“Disqualifying Disposition” means any disposition (including any sale) of Common Stock underlying an ISO before the later of (i) two years after the date of employee was granted the ISO or (ii) one year after the date the employee acquired Common Stock by exercising the ISO.

“Exchange Act” shall have the meaning given to it in Section 1(a).

“Fair Market Value” shall be determined as of the last Trading Day before the date a Stock Right is granted and shall mean:

- (1) the closing price on the principal market if the Common Stock is listed on a national securities exchange or the Bulletin Board.
- (2) if the Company’s shares are not listed on a national securities exchange or the Bulletin Board, then the closing price if reported or the average bid and asked price for the Company’s shares as published by Pink Sheets LLC;
- (3) if there are no prices available under clauses (1) or (2), then Fair Market Value shall be based upon the average closing bid and asked price as determined following a polling of all dealers making a market in the Company’s Common Stock; or
- (4) if there is no regularly established trading market for the Company’s Common Stock or if the Company’s Common Stock is listed, quoted or reported under clauses (1) or (2) but it trades sporadically rather than every day, the Fair Market Value shall be established by the Board or the Compensation Committee taking into consideration all relevant factors including the most recent price at which the Company’s Common Stock was sold.

“ISO” shall have the meaning given to it in Section 1(a).

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“Non-Discretionary Options” shall have the meaning given to it in Section 1(a).

“Non-Qualified Options” shall have the meaning given to it in Section 1(a).

“Officers” means a person who is an executive officer of the Company and is required to file ownership reports under Section 16(a) of the Exchange Act.

“Options” shall have the meaning given to it in Section 1(a).

“Plan” shall have the meaning given to it in Section 1(a).

“Related Corporations” shall mean a corporation which is a subsidiary corporation with respect to the Company within the meaning of Section 425(f) of the Code.

“Restricted Stock” shall have the meaning contained in Section 1(a).

“RSU” shall have the meaning given to it in Section 1(a).

“SAR” shall have the meaning given to it in Section 1(a).

“Securities Act” means the Securities Act of 1933.

“Stock Rights” shall have the meaning given to it in Section 1(a).

“Trading Day” shall mean a day on which the New York Stock Exchange is open for business.

This Plan is intended to comply in all respects with Rule 16b-3 (“Rule 16b-3”) and its successor rules as promulgated under Section 16(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) for participants who are subject to Section 16 of the Exchange Act. To the extent any provision of the Plan or action by the Plan administrators fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Plan administrators. Provided, however, such exercise of discretion by the Plan administrators shall not interfere with the contract rights of any grantee. In the event that any interpretation or construction of the Plan is required, it shall be interpreted and construed in order to ensure, to the maximum extent permissible by law, that such grantee does not violate the short-swing profit provisions of Section 16(b) of the Exchange Act and that any exemption available under Rule 16b-3 or other rule is available.

## 2. Administration of the Plan.

(a) The Plan may be administered by the entire Board or by the Compensation Committee. Once appointed, the Compensation Committee shall continue to serve until otherwise directed by the Board. A majority of the members of the Compensation Committee shall constitute a quorum, and all determinations of the Compensation Committee shall be made by the majority of its members present at a meeting. Any determination of the Compensation Committee under the Plan may be made without notice or meeting of the Compensation Committee by a writing signed by all of the Compensation Committee members. Subject to ratification of the grant of each Stock Right by the Board (but only if so required by applicable

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state law), and subject to the terms of the Plan, the Compensation Committee shall have the authority to (i) determine the employees of the Company and Related Corporations (from among the class of employees eligible under Section 3 to receive ISOs) to whom ISOs may be granted, and to determine (from among the class of individuals and entities eligible under Section 3 to receive Non-Qualified Options, Restricted Stock, RSUs and SARs) to whom Non-Qualified Options, Restricted Stock, RSUs and SARs may be granted; (ii) determine when Stock Rights may be granted; (iii) determine the exercise prices of Stock Rights other than Restricted Stock and RSUs, which shall not be less than the Fair Market Value; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine when Stock Rights shall become exercisable, the duration of the exercise period and when each Stock Right shall vest; (vi) determine whether restrictions such as repurchase options are to be imposed on shares subject to or issued in connection with Stock Rights, and the nature of such restrictions, if any, and (vii) interpret the Plan and promulgate and rescind rules and regulations relating to it. The interpretation and construction by the Compensation Committee of any provisions of the Plan or of any Stock Right granted under it shall be final, binding and conclusive unless otherwise determined by the Board. The Compensation Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best.

No members of the Compensation Committee or the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it. No member of the Compensation Committee or the Board shall be liable for any act or omission of any other member of the Compensation Committee or the Board or for any act or omission on his own part, including but not limited to the exercise of any power and discretion given to him under the Plan, except those resulting from his own gross negligence or willful misconduct.

(b) The Compensation Committee may select one of its members as its chairman and shall hold meetings at such time and places as it may determine. All references in this Plan to the Compensation Committee shall mean the Board if no Compensation Committee has been appointed. From time to time the Board may increase the size of the Compensation Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused or remove all members of the Compensation Committee and thereafter directly administer the Plan.

(c) Stock Rights may be granted to members of the Board, whether such grants are in their capacity as directors, Officers or consultants. All grants of Stock Rights to members of the Board shall in all other respects be made in accordance with the provisions of this Plan applicable to other eligible persons. Members of the Board who are either (i) eligible for Stock Rights pursuant to the Plan or (ii) have been granted Stock Rights may vote on any matters affecting the administration of the Plan or the grant of any Stock Rights pursuant to the Plan.

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(d) In addition to such other rights of indemnification as he may have as a member of the Board, and with respect to administration of the Plan and the granting of Stock Rights under it, each member of the Board and of the Compensation Committee shall be entitled without further act on his part to indemnification from the Company for all expenses (including advances of litigation expenses, the amount of judgment and the amount of approved settlements made with a view to the curtailment of costs of litigation) reasonably incurred by him in connection with or arising out of any action, suit or proceeding, including any appeal thereof, with respect to the administration of the Plan or the granting of Stock Rights under it in which he may be involved by reason of his being or having been a member of the Board or the Compensation Committee, whether or not he continues to be such member of the Board or the Compensation Committee at the time of the incurring of such expenses; provided, however, that such indemnity shall be subject to the limitations contained in any Indemnification Agreement between the Company and the Board member or Officer. The foregoing right of indemnification shall inure to the benefit of the heirs, executors or administrators of each such member of the Board or the Compensation Committee and shall be in addition to all other rights to which such member of the Board or the Compensation Committee would be entitled to as a matter of law, contract or otherwise.

(e) The Board may delegate the powers to grant Stock Rights to Officers to the extent permitted by the laws of the Company's state of incorporation.

3. Eligible Employees and Others. ISOs may be granted to any employee of the Company or any Related Corporation. Those Officers and directors of the Company who are not employees may not be granted ISOs under the Plan. Subject to compliance with Rule 16b-3 and other applicable securities laws, Non-Qualified Options, Restricted Stock, RSUs and SARs may be granted to any director (whether or not an employee), Officers, employees or consultants of the Company or any Related Corporation. The Compensation Committee may take into consideration a recipient's individual circumstances in determining whether to grant an ISO, a Non-Qualified Option, Restricted Stock, RSUs or a SAR. Granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from participation in, any other grant of Stock Rights.

4. Common Stock. The Common Stock subject to Stock Rights shall be authorized but unissued shares of Common Stock, par value \$0.001, or shares of Common Stock reacquired by the Company in any manner, including purchase, forfeiture or otherwise. The aggregate number of shares of Common Stock which may be issued pursuant to the Plan is 3,500,000, less any Stock Rights previously granted or exercised subject to adjustment as provided in Section 14. Any such shares may be issued under ISOs, Non-Qualified Options, Restricted Stock, RSUs or SARs, so long as the number of shares so issued does not exceed the limitations in this Section. If any Stock Rights granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if the Company shall reacquire any unvested shares, the unpurchased shares subject to such Stock Rights and any unvested shares so reacquired by the Company shall again be available for grants under the Plan.

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## 5. Granting of Stock Rights.

(a) The date of grant of a Stock Right under the Plan will be the date specified by the Board or Compensation Committee at the time it grants the Stock Right; provided, however, that such date shall not be prior to the date on which the Board or Compensation Committee acts to approve the grant. The Board or Compensation Committee shall have the right, with the consent of the optionee, to convert an ISO granted under the Plan to a Non-Qualified Option pursuant to Section 17.

(b) The Board or Compensation Committee shall grant Stock Rights to participants that it, in its sole discretion, selects. Stock Rights shall be granted on such terms as the Board or Compensation Committee shall determine except that ISOs shall be granted on terms that comply with the Code and regulations thereunder.

(c) A SAR entitles the holder to receive, as designated by the Board or Compensation Committee, cash or shares of Common Stock, value equal to (or otherwise based on) the excess of: (a) the Fair Market Value of a specified number of shares of Common Stock at the time of exercise over (b) an exercise price established by the Board or Compensation Committee. The exercise price of each SAR granted under this Plan shall be established by the Compensation Committee or shall be determined by a method established by the Board or Compensation Committee at the time the SAR is granted, provided the exercise price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of the grant of the SAR, or such higher price as is established by the Board or Compensation Committee. A SAR shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Board or Compensation Committee. Shares of Common Stock delivered pursuant to the exercise of a SAR shall be subject to such conditions, restrictions and contingencies as the Board or Compensation Committee may establish in the applicable SAR agreement or document, if any. The Board or Compensation Committee, in its discretion, may impose such conditions, restrictions and contingencies with respect to shares of Common Stock acquired pursuant to the exercise of each SAR as the Board or Compensation Committee determines to be desirable. A SAR under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Board or Compensation Committee shall, in its discretion, prescribe. The terms and conditions of any SAR to any grantee shall be reflected in such form of agreement as is determined by the Board or Compensation Committee. A copy of such document, if any, shall be provided to the grantee, and the Board or Compensation Committee may condition the granting of the SAR on the grantee executing such agreement.

(d) An RSU gives the grantee the right to receive a number of shares of the Company's Common Stock on applicable vesting or other dates. Delivery of the RSUs may be deferred beyond vesting as determined by the Board or Compensation Committee. RSUs shall be evidenced by an RSU agreement in the form determined by the Board or Compensation Committee. With respect to an RSU, which becomes non-forfeitable due to the lapse of time, the Compensation Committee shall prescribe in the RSU agreement the vesting period. With respect to the granting of the RSU, which becomes non-forfeitable due to the satisfaction of certain pre-established performance-based objectives imposed by the Board or Compensation Committee, the measurement date of whether such performance-based objectives have been satisfied shall be a date no earlier than the first anniversary of the date of the RSU. A recipient who is granted an

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RSU shall possess no incidents of ownership with respect to such underlying Common Stock, although the RSU agreement may provide for payments in lieu of dividends to such grantee.

(e) Notwithstanding any provision of this Plan, the Board or Compensation Committee may impose conditions and restrictions on any grant of Stock Rights including forfeiture of vested Options, cancellation of Common Stock acquired in connection with any Stock Right and forfeiture of profits.

(f) The Options and SARs shall not be exercisable for a period of more than 10 years from the date of grant.

6. Sale of Shares. The shares underlying Stock Rights granted to any Officers, director or a beneficial owner of 10% or more of the Company's securities registered under Section 12 of the Exchange Act shall not be sold, assigned or transferred by the grantee until at least six months elapse from the date of the grant thereof.

7. ISO Minimum Option Price and Other Limitations.

(a) The exercise price per share relating to all Options granted under the Plan shall not be less than the Fair Market Value per share of Common Stock on the last trading day prior to the date of such grant. For purposes of determining the exercise price, the date of the grant shall be the later of (i) the date of approval by the Board or Compensation Committee or the Board, or (ii) for ISOs, the date the recipient becomes an employee of the Company. In the case of an ISO to be granted to an employee owning Common Stock which represents more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share shall not be less than 110% of the Fair Market Value per share of Common Stock on the date of grant and such ISO shall not be exercisable after the expiration of five years from the date of grant.

(b) In no event shall the aggregate Fair Market Value (determined at the time an ISO is granted) of Common Stock for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any Related Corporation) exceed \$100,000.

8. Duration of Stock Rights. Subject to earlier termination as provided in Sections 3, 5, 9, 10 and 11, each Option and SAR shall expire on the date specified in the original instrument granting such Stock Right (except with respect to any part of an ISO that is converted into a Non-Qualified Option pursuant to Section 17), provided, however, that such instrument must comply with Section 422 of the Code with regard to ISOs and Rule 16b-3 with regard to all Stock Rights granted pursuant to the Plan to Officers, directors and 10% shareholders of the Company.

9. Exercise of Options and SARs; Vesting of Stock Rights. Subject to the provisions of Sections 3 and 9 through 13, each Option and SAR granted under the Plan shall be exercisable as follows:

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(a) The Options and SARs shall either be fully vested and exercisable from the date of grant or shall vest and become exercisable in such installments as the Board or Compensation Committee may specify.

(b) Once an installment becomes exercisable it shall remain exercisable until expiration or termination of the Option and SAR, unless otherwise specified by the Board or Compensation Committee.

(c) Each Option and SAR or installment, once it becomes exercisable, may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable.

(d) The Board or Compensation Committee shall have the right to accelerate the vesting date of any installment of any Stock Right; provided that the Board or Compensation Committee shall not accelerate the exercise date of any installment of any Option granted to any employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Section 17) if such acceleration would violate the annual exercisability limitation contained in Section 422(d) of the Code as described in Section 7(b).

10. Termination of Employment. Subject to any greater restrictions or limitations as may be imposed by the Board or Compensation Committee or by a written agreement, if an optionee ceases to be employed by the Company and all Related Corporations other than by reason of death or Disability, no further installments of his Options shall vest or become exercisable, and his Options shall terminate as provided for in the grant or on the day 12 months after the day of the termination of his employment (except three months for ISOs), whichever is earlier, but in no event later than on their specified expiration dates. Employment shall be considered as continuing uninterrupted during any bona fide leave of absence (such as those attributable to illness, military obligations or governmental service) provided that the period of such leave does not exceed 90 days or, if longer, any period during which such optionee's right to re-employment is guaranteed by statute. A leave of absence with the written approval of the Board shall not be considered an interruption of employment under the Plan, provided that such written approval contractually obligates the Company or any Related Corporation to continue the employment of the optionee after the approved period of absence. ISOs granted under the Plan shall not be affected by any change of employment within or among the Company and Related Corporations so long as the optionee continues to be an employee of the Company or any Related Corporation.

11. Death; Disability. Unless otherwise determined by the Board or Compensation Committee or by a written agreement:

(a) If the holder of an Option or SAR ceases to be employed by the Company and all Related Corporations by reason of his death, any Options or SARs held by the optionee may be exercised to the extent he could have exercised it on the date of his death, by his estate, personal representative or beneficiary who has acquired the Options or SARs by will or by the laws of descent and distribution, at any time prior to the earlier of: (i) the Options' or SARs' specified expiration date or (ii) one year (except three months for an ISO) from the date of death.

(b) If the holder of an Option or SAR ceases to be employed by the Company and all Related Corporations, or a director or Director Advisor can no longer perform his duties, by

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reason of his Disability, any Options or SARs held by the optionee may be exercised to the extent he could have exercised it on the date of termination due to Disability until the earlier of (i) the Options' or SARs' specified expiration date or (ii) one year from the date of the termination.

12. Assignment, Transfer or Sale.

(a) No ISO granted under this Plan shall be assignable or transferable by the grantee except by will or by the laws of descent and distribution, and during the lifetime of the grantee, each ISO shall be exercisable only by him, his guardian or legal representative.

(b) Except for ISOs, all Stock Rights are transferable subject to compliance with applicable securities laws and Section 6 of this Plan.

13. Terms and Conditions of Stock Rights. Stock Rights shall be evidenced by instruments (which need not be identical) in such forms as the Board or Compensation Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in Sections 5 through 12 hereof and may contain such other provisions as the Board or Compensation Committee deems advisable which are not inconsistent with the Plan. In granting any Stock Rights, the Board or Compensation Committee may specify that Stock Rights shall be subject to the restrictions set forth herein with respect to ISOs, or to such other termination and cancellation provisions as the Board or Compensation Committee may determine. The Board or Compensation Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more Officers of the Company to execute and deliver such instruments. The proper Officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

14. Adjustments Upon Certain Events.

(a) Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Stock Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Stock Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of a Stock Right, as well as the price per share of Common Stock (or cash, as applicable) covered by each such outstanding Option or SAR, shall be proportionately adjusted for any increases or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company or the voluntary cancellation whether by virtue of a cashless exercise of a derivative security of the Company or otherwise shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board or Compensation Committee, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of

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Common Stock subject to a Stock Right. No adjustments shall be made for dividends or other distributions paid in cash or in property other than securities of the Company.

(b) In the event of the proposed dissolution or liquidation of the Company, the Board or Compensation Committee shall notify each participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, a Stock Right will terminate immediately prior to the consummation of such proposed action.

(c) In the event of a merger of the Company with or into another corporation, or a Change of Control, each outstanding Stock Right shall be assumed (as defined below) or an equivalent option or right substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Stock Rights, the participants shall fully vest in and have the right to exercise their Stock Rights as to which it would not otherwise be vested or exercisable. If a Stock Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board or Compensation Committee shall notify the participant in writing or electronically that the Stock Right shall be fully vested and exercisable for a period of at least 15 days from the date of such notice, and any Options or SARs shall terminate one minute prior to the closing of the merger or sale of assets.

For the purposes of this Section 14(c), the Stock Right shall be considered “assumed” if, following the merger or Change of Control, the option or right confers the right to purchase or receive, for each share of Common Stock subject to the Stock Right immediately prior to the merger or Change of Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change of Control by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change of Control is not solely common stock of the successor corporation or its parent, the Board or Compensation Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Stock Right, for each share of Common Stock subject to the Stock Right, to be solely common stock of the successor corporation or its parent equal in Fair Market Value to the per share consideration received by holders of Common Stock in the merger or Change of Control.

(d) Notwithstanding the foregoing, any adjustments made pursuant to Section 14(a), (b) or (c) with respect to ISOs shall be made only after the Board or Compensation Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a “modification” of such ISOs (as that term is defined in Section 425(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Board or Compensation Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs it may refrain from making such adjustments.

(e) No fractional shares shall be issued under the Plan and the optionee shall receive from the Company cash in lieu of such fractional shares.

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#### 15. Means of Exercising Stock Rights.

(a) An Option or SAR (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address. Such notice shall identify the Stock Right being exercised and specify the number of shares as to which such Stock Right is being exercised, accompanied by full payment of the exercise price therefor (to the extent it is exercisable in cash) either (i) in United States dollars by check or wire transfer; or (ii) at the discretion of the Board or Compensation Committee, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Stock Right; or (iii) at the discretion of the Board or Compensation Committee, by any combination of (i) and (ii) above. If the Board or Compensation Committee exercises its discretion to permit payment of the exercise price of an ISO by means of the methods set forth in clauses (ii) or (iii) of the preceding sentence, such discretion need not be exercised in writing at the time of the grant of the Stock Right in question. The holder of a Stock Right shall not have the rights of a shareholder with respect to the shares covered by his Stock Right until the date of issuance of a stock certificate to him for such shares. Except as expressly provided above in Section 14 with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

(b) Each notice of exercise shall, unless the shares of Common Stock are covered by a then current registration statement under the Securities Act, contain the holder's acknowledgment in form and substance satisfactory to the Company that (i) such shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Securities Act), (ii) the holder has been advised and understands that (1) the shares have not been registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and are subject to restrictions on transfer and (2) the Company is under no obligation to register the shares under the Securities Act or to take any action which would make available to the holder any exemption from such registration, and (iii) such shares may not be transferred without compliance with all applicable federal and state securities laws. Notwithstanding the above, should the Company be advised by counsel that issuance of shares should be delayed pending registration under federal or state securities laws or the receipt of an opinion that an appropriate exemption therefrom is available, the Company may defer exercise of any Stock Right granted hereunder until either such event has occurred.

#### 16. Term, Termination and Amendment.

(a) This Plan was adopted by the Board. This Plan may be approved by the Company's shareholders, which approval is required for ISOs.

(b) The Board may terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on March \_\_, 2022 [or 10 years from the date the Board adopts the Plan]. No Stock Rights may be granted under the Plan once the Plan is terminated. Termination of the Plan shall not impair rights and obligations under any Stock Right granted while the Plan is in effect, except with the written consent of the grantee.

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(c) The Board at any time, and from time to time, may amend the Plan. Provided, however, except as provided in Section 14 relating to adjustments in Common Stock, no amendment shall be effective unless approved by the shareholders of the Company to the extent (i) shareholder approval is necessary to satisfy the requirements of Section 422 of the Code or (ii) required by the rules of the principal national securities exchange or trading market upon which the Company's Common Stock trades. Rights under any Stock Rights granted before amendment of the Plan shall not be impaired by any amendment of the Plan, except with the written consent of the grantee.

(d) The Board at any time, and from time to time, may amend the terms of any one or more Stock Rights; provided, however, that the rights under the Stock Right shall not be impaired by any such amendment, except with the written consent of the grantee.

17. Conversion of ISOs into Non-Qualified Options; Termination of ISOs . The Board or Compensation Committee, at the written request of any optionee, may in its discretion take such actions as may be necessary to convert such optionee's ISOs (or any installments or portions of installments thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the optionee is an employee of the Company or a Related Corporation at the time of such conversion. Provided, however, the Board or Compensation Committee shall not reprice the Options or extend the exercise period or reduce the exercise price of the appropriate installments of such Options without the approval of the Company's shareholders. At the time of such conversion, the Board or Compensation Committee (with the consent of the optionee) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Board or Compensation Committee in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Board or Compensation Committee takes appropriate action. The Compensation Committee, with the consent of the optionee, may also terminate any portion of any ISO that has not been exercised at the time of such termination.

18. Application of Funds. The proceeds received by the Company from the sale of shares pursuant to Options or SARS (if cash settled) granted under the Plan shall be used for general corporate purposes.

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19. Governmental Regulations. The Company's obligation to sell and deliver shares of the Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

20. Withholding of Additional Income Taxes. In connection with the granting, exercise or vesting of a Stock Right or the making of a Disqualifying Disposition the Company, in accordance with Section 3402(a) of the Code, may require the optionee to pay additional withholding taxes in respect of the amount that is considered compensation includable in such person's gross income.

To the extent that the Company is required to withhold taxes for federal income tax purposes as provided above, if any optionee may elect to satisfy such withholding requirement by (i) paying the amount of the required withholding tax to the Company; (ii) delivering to the Company shares of its Common Stock (including shares of Restricted Stock) previously owned by the optionee; or (iii) having the Company retain a portion of the shares covered by an Option exercise. The number of shares to be delivered to or withheld by the Company times the Fair Market Value of such shares shall equal the cash required to be withheld.

21. Notice to Company of Disqualifying Disposition. Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition of any Common Stock acquired pursuant to the exercise of an ISO. If the employee has died before such stock is sold, the holding periods requirements of the Disqualifying Disposition do not apply and no Disqualifying Disposition can occur thereafter.

22. Continued Employment. The grant of a Stock Right pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Related Corporation to retain the grantee in the employ of the Company or a Related Corporation, as a member of the Company's Board or in any other capacity, whichever the case may be.

23. Governing Law; Construction. The validity and construction of the Plan and the instruments evidencing Stock Rights shall be governed by the laws of the Company's state of incorporation. In construing this Plan, the singular shall include the plural and the masculine gender shall include the feminine and neuter, unless the context otherwise requires.

24. (a) Forfeiture of Stock Rights Granted to Employees or Consultants. Notwithstanding any other provision of this Plan, and unless otherwise provided for in a Stock Rights Agreement, all vested or unvested Stock Rights granted to employees or consultants shall be immediately forfeited at the discretion of the Board if any of the following events occur:

(1) Termination of the relationship with the grantee for cause including, but not limited to, fraud, theft, dishonesty and violation of Company policy;

(2) Purchasing or selling securities of the Company in violation of the Company's insider trading guidelines then in effect;

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(3) Breaching any duty of confidentiality including that required by the Company's insider trading guidelines then in effect;

(4) Competing with the Company;

(5) Being unavailable for consultation after leaving the Company's employment if such availability is a condition of any agreement between the Company and the grantee;

(6) Recruitment of Company personnel after termination of employment, whether such termination is voluntary or for cause;

(7) Failure to assign any invention or technology to the Company if such assignment is a condition of employment or any other agreements between the Company and the grantee; or

(8) A finding by the Board that the grantee has acted disloyally and/or against the interests of the Company.

(b) Forfeiture of Stock Rights Granted to Directors. Notwithstanding any other provision of this Plan, and unless otherwise provided for in a Stock Rights Agreement, all vested or unvested Stock Rights granted to directors shall be immediately forfeited at the discretion of the Board if any of the following events occur:

(1) Purchasing or selling securities of the Company in violation of the Company's insider trading guidelines then in effect;

(2) Breaching any duty of confidentiality including that required by the Company's insider trading guidelines then in effect;

(3) Competing with the Company;

(4) Recruitment of Company personnel after ceasing to be a director;

or

(5) A finding by the Board that the grantee has acted disloyally and/or against the interests of the Company.

The Company may impose other forfeiture restrictions which are more or less restrictive and require a return of profits from the sale of Common Stock as part of said forfeiture provisions if such forfeiture provisions and/or return of provisions are contained in a Stock Rights Agreement.

(c) Profits on the Sale of Certain Shares; Redemption. If any of the events specified in Section 24(a) or (b) of the Plan occur within one year from the date the grantee last performed services for the Company in the capacity for which the Stock Rights were granted (the "Termination Date") (or such longer period required by any written agreement), all profits earned from the sale of the Company's securities, including the sale of shares of common stock underlying the Stock Rights, during the two-year period commencing one year prior to the

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Termination Date shall be forfeited and immediately paid by the grantee to the Company. Further, in such event, the Company may at its option redeem shares of common stock acquired upon exercise of the Stock Right by payment of the exercise price to the grantee. To the extent that another written agreement with the Company extends the events in Section 24(a) or (b) beyond one year following the Termination Date, the two-year period shall be extended by an equal number of days. The Company's rights under this Section 24(c) do not lapse one year from the Termination Date but are contract rights subject to any appropriate statutory limitation period.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, Michael Mathews, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ Michael Mathews

Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Janet Gill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ Janet Gill

Janet Gill  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Mathews

Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)  
Dated: March 15, 2018

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, Janet Gill, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Janet Gill

Janet Gill  
Chief Financial Officer  
(Principal Financial Officer)  
Dated: March 15, 2018