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, 2017**

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: 000-55107

Aspen Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-1933597**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1660 S Albion Street, Suite 525 **Denver, CO**	**80222**
(Address of principal executive offices)	*(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 or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☑

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

Class	Outstanding as of March 9, 2017
Common Stock, $0.001 par value per share	11,515,394

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	January 31, 2017 (Unaudited)	April 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 897,098	$ 783,796
Accounts receivable, net of allowance of $369,947 and $449,946, respectively	4,536,672	2,179,852
Prepaid expenses	94,342	123,055
Total current assets	5,528,112	3,086,703
Property and equipment:		
Call center equipment	33,794	79,199
Computer and office equipment	86,496	67,773
Furniture and fixtures	231,706	114,964
Software	2,091,660	2,567,383
	2,443,656	2,829,319
Less accumulated depreciation and amortization	(1,107,836)	(1,680,687)
Total property and equipment, net	1,335,820	1,148,632
Courseware, net	156,818	194,932
Accounts receivable, secured - related party, net of allowance of $625,963, and $625,963, respectively	45,329	45,329
Other assets	56,416	31,175
Total assets	$ 7,122,495	$ 4,506,771

(Continued)

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

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

	January 31, 2017 (Unaudited)	April 30, 2016
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 884,311	$ 9,201
Accrued expenses	282,085	176,974
Deferred revenue	1,576,077	1,013,434
Refunds due students	235,795	110,883
Deferred rent, current portion	13,025	2,345
Convertible notes payable, current portion	50,000	50,000
Total current liabilities	3,041,293	1,362,837
Bank line of credit	—	1,783
Loan payable officer - related party	1,000,000	1,000,000
Convertible notes payable - related party	300,000	300,000
Third party line of credit, net of discounts of $96,875 and $0	1,153,125	—
Warrant derivative liability	52,500	—
Deferred rent	35,807	29,169
Total liabilities	5,582,725	2,693,789
Commitments and contingencies - See Note 8		
Stockholders' equity:		
Common stock, $0.001 par value; 250,000,000 shares authorized, 11,500,679 issued and 11,484,012 outstanding at January 31, 2017, 11,263,179 issued and 11,246,512 outstanding at April 30, 2016	11,484	11,247
Additional paid-in capital	26,585,243	26,477,162
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(24,986,957)	(24,605,427)
Total stockholders' equity	1,539,770	1,812,982
Total liabilities and stockholders' equity	$ 7,122,495	$ 4,506,771

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 Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2017	2016	2017	2016
Revenues	$ 3,735,626	$ 2,164,031	$ 9,957,467	$ 5,783,053
Operating expenses				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	1,359,131	995,526	3,490,046	2,637,436
General and administrative	2,133,074	1,659,133	6,228,554	4,746,953
Program review expense	25,000	—	25,000	—
Depreciation and amortization	132,727	151,597	422,782	443,314
Total operating expenses	3,649,932	2,806,256	10,166,382	7,827,703
Operating income (loss)	85,694	(642,225)	(208,915)	(2,044,650)
Other income (expense):				
Other income	1,684	1,414	3,047	8,077
Interest expense	(80,001)	(34,153)	(175,662)	(101,518)
Total other expense, net	(78,317)	(32,739)	(172,615)	(93,441)
Income (loss) before income taxes	7,377	(674,964)	(381,530)	(2,138,091)
Income tax expense (benefit)	—	—	—	—
Net income (loss)	$ 7,377	$ (674,964)	$ (381,530)	$ (2,138,091)
Net income (loss) per share allocable to common stockholders - basic	$ 0.00	$ (0.06)	$ (0.03)	$ (0.20)
Net income (loss) per share allocable to common stockholders - diluted	$ 0.00	$ (0.06)	$ (0.03)	$ (0.20)
Weighted average number of common shares outstanding: basic	11,467,345	10,694,730	11,419,270	10,689,300
Weighted average number of common shares outstanding: diluted	13,040,970	10,694,730	11,419,270	10,689,300

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, 2017
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2016	11,246,512	$ 11,247	$ 26,477,162	$ (70,000)	$(24,605,427)	$ 1,812,982
Attorney fees associated with registration statement	—	—	(4,017)	—	—	(4,017)
Stock-based compensation	—	—	253,833	—	—	253,833
Warrant buyback	208,333	208	(194,208)	—	—	(194,000)
Shares issued for services	29,167	29	52,473	—	—	52,502
Net loss, nine Months ended January 31, 2017	—	—	—	—	(381,530)	(381,530)
Balance at January 31, 2017	**11,484,012**	$ **11,484**	$ **26,585,243**	$ **(70,000)**	$**(24,986,957)**	$ **1,539,770**

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,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (381,530)	$ (2,138,091)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense (recovery)	(25,680)	170,677
Depreciation and amortization	422,782	443,314
Stock-based compensation	253,833	223,657
Warrant modification expense	—	6,000
Amortization of debt discounts	15,625	—
Amortization of prepaid shares for services	52,500	50,400
Warrant buyback expense	206,000	—
Changes in operating assets and liabilities:		
Accounts receivable	(2,331,140)	(1,168,549)
Prepaid expenses	28,715	771
Other assets	(25,241)	(18,407)
Accounts payable	875,110	406,116
Accrued expenses	105,111	107,874
Deferred rent	17,318	(7,751)
Refunds due students	124,912	219,003
Deferred revenue	562,643	345,185
Net cash (used in) provided by operating activities	(99,042)	(1,359,801)
Cash flows from investing activities:		
Purchases of property and equipment	(565,306)	(317,068)
Purchases of courseware	(6,550)	(81,634)
Increase in restricted cash	—	1,122,485
Net cash (used in) provided by investing activities	(571,856)	723,783
Cash flows from financing activities:		
Repurchase of shared under settlement agreement	—	(5,838)
Warrant buyback	(400,000)	—
Borrowing of bank line of credit	247,000	5,794
Payments for line of credit	(248,783)	—
Third party line of credit	1,250,000	—
Third party line of credit financing costs	(60,000)	—
Disbursements for equity offering costs	(4,017)	(679)
Net cash (used in) provided by financing activities	784,200	(723)
Net increase (decrease) in cash and cash equivalents	113,302	(636,741)
Cash and cash equivalents at beginning of period	783,796	2,159,463
Cash and cash equivalents at end of period	$ 897,098	$ 1,522,722

(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,	
	2017	**2016**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 145,105	$ 87,787
Cash paid for income taxes	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities		
Common stock issued for services	$ 62,002	$ 50,400
Warrant derivative liability	$ 52,500	$ —

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

Note 1. Nature of Operations and Liquidity

Overview

Aspen Group, Inc. (together with its subsidiary, the “Company” or “Aspen”) is a holding company. Its subsidiary Aspen University Inc. (“Aspen University”) was organized in 1987. On March 13, 2012, the Company was recapitalized in a reverse merger. All references to the Company or Aspen before March 13, 2012 are to Aspen University.

Aspen’s mission is to offer any motivated college-worthy student the opportunity to receive a high quality, responsibly priced distance-learning education for the purpose of achieving sustainable economic and social benefits for themselves and their families. Aspen is dedicated to providing the highest quality education experiences taught by top-tier professors - 57% of our adjunct professors hold doctorate degrees.

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 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.

On November 10, 2014, Aspen University announced the Commission on Collegiate Nursing Education (“CCNE”) has granted accreditation to its Bachelor of Science in Nursing program (RN to BSN) until December 31, 2019.

Since 1993, we have 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.

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, 2017 and 2016, our cash flows for the nine months ended January 31, 2017 and 2016, and our financial position as of January 31, 2017 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, 2016 as filed with the SEC on July 27, 2016. The April 30, 2016 balance sheet is derived from those statements.

B. Liquidity

In August 2016, the Company closed on a $3 million credit line with its largest shareholder. The credit line, whose terms include a 12% per annum interest rate on drawn funds and a 2% per annum interest rate on undrawn funds, will extend through August 2019. The Company initially drew down $750,000 under the line, of which approximately $248,000 was used to repay a secured line of credit with a bank and then drew down $500,000 in January 2017. (See Note 8)

At January 31, 2017, the Company had a cash balance of approximately $897,000.

On April 22, 2016, the Company issued 404,624 shares of common stock to two of its warrant holders in exchange for their early exercise of warrants at a reduced exercise price of $1.86 per share. The Company received gross proceeds of $752,500 from these exercises. As a condition of the warrant holders exercising their warrants, Mr. Michael Mathews, the Company's Chairman of the Board and Chief Executive Officer, converted a $300,000 note and in connection with this conversion, Mr. Mathews was issued 132,588 shares of common stock. (See Note 7) With the additional cash raised in the financings, the growth in revenues and improving operating margins, the Company believes that it has sufficient cash to allow the Company to implement its current business.

Note 2. Significant Accounting Policies

Principles of Consolidation

The 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 and software development costs, valuation of beneficial conversion features in convertible debt, valuation of derivative instruments, 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, 2017 and April 30, 2016. 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, 2017. As of January 31, 2017 and April 30, 2016, there were deposits totaling $388,222 and $1,224,863 respectively, held in two separate institutions greater than the federally insured limits.

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 3.2% of the revenues for the quarter ended January 31, 2017.

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 or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. 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.

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 1,963,481 and 1,404,776 common shares, warrants to purchase 934,555 and 2,405,980 common shares, and $350,000 of convertible debt (convertible into 75,596 common shares) were outstanding at January 31, 2017 and 2016, 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.

Basic and diluted income per share for the three months ended January 31, 2017, were calculated as follows:

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

Recent Accounting Pronouncements

There have been no new relevant pronouncements since those disclosed in the April 30, 2016 Consolidated Financial Statements.

Note 3. Secured Note and Accounts Receivable – Related Parties

On March 30, 2008 and December 1, 2008, Aspen University sold courseware pursuant to marketing agreements to Higher Education Management Group, Inc. ("HEMG",) which was then a related party and principal stockholder of the Company. The sold courseware amounts were $455,000 and $600,000, respectively; UCC filings were filed accordingly. Under the marketing agreements, the receivables were due net 60 months. On September 16, 2011, HEMG pledged 772,793 Series C preferred shares (automatically converted to 54,571 common shares on March 13, 2012) of the Company as collateral for this account receivable which at that time had a remaining balance of $772,793. Based on the reduction in value of the collateral to $2.28 based on the then current price of the Company's common stock, the Company recognized an expense of $123,647 during the year ended April 30, 2014 as an additional allowance. As of January 31, 2017 and April 30, 2016, the balance of the account receivable, net of allowance, was $45,329.

HEMG has failed to pay to Aspen University any portion of the $772,793 amount due as of September 30, 2014. Consequently, on November 18, 2014 Aspen University filed a complaint vs. HEMG in the United States District Court for the District of New Jersey, to collect the full amount due to the Company. HEMG defaulted and Aspen University obtained a default judgment. In addition, Aspen University gave notice to HEMG that it intended to privately sell the 54,571 shares after March 10, 2015. On April 29, 2015, the Company sold those shares to a private investor for $1.86 per share or $101,502, which proceeds reduced the receivable balance to $671,291 with a remaining allowance of $625,963, resulting in a net receivable of $45,329. (See Notes 8 and 10)

Note 4. 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, 2017 and April 30, 2016:

	January 31, 2017	April 30, 2016
Call center hardware	$ 33,794	$ 79,199
Computer and office equipment	86,496	67,773
Furniture and fixtures	231,706	114,964
Software	2,091,660	2,567,383
	2,443,656	2,829,319
Accumulated depreciation and amortization	(1,107,836)	(1,680,687)
Property and equipment, net	$ 1,335,820	$ 1,148,632

Software consisted of the following at January 31, 2017 and April 30, 2016:

	January 31, 2017	April 30, 2016
Software	$ 2,091,660	$ 2,567,383
Accumulated amortization	(1,027,210)	(1,560,932)
Software, net	$ 1,064,450	$ 1,006,451

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, 2017 and 2016:

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2017	2016	2017	2016
Depreciation and amortization Expense	$ 119,064	$ 135,084	$ 378,118	$ 390,010
Software amortization Expense	$ 105,914	$ 122,619	$ 342,938	$ 354,688

The following is a schedule of estimated future amortization expense of software at January 31, 2017:

Year Ending April 30,	
2017	$ 102,280
2018	347,210
2019	264,037
2020	194,195
2021	156,728
Total	$ 1,064,450

Note 5. Courseware

Courseware costs capitalized were $6,550 and $81,634 for the nine months ended January 31, 2017 and 2016 respectively. During September 2015, $1,970,670 of fully amortized courseware was written off against the accumulated amortization. In subsequent periods, certain other fully expired courseware has been written off in the same way. There is no expense impact for such write-offs.

Courseware consisted of the following at January 31, 2017 and April 30, 2016:

	January 31, 2017	April 30, 2016
Courseware	$ 272,727	$ 319,267
Accumulated amortization	(115,909)	(124,335)
Courseware, net	$ 156,818	$ 194,932

Amortization expense of courseware for the three and nine months ended January 31, 2017 and 2016:

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2017	2016	2017	2016
Amortization expense	$ 13,663	$ 16,513	$ 44,664	$ 53,304

The following is a schedule of estimated future amortization expense of courseware at January 31, 2017:

Year Ending April 30,	
2017	$ 13,583
2018	50,492
2019	49,019
2020	35,177
2021	8,547
Total	$ 156,818

Note 6. Loan Payable Officer – Related Party

On June 28, 2013, the Company received $1,000,000 as a loan from the Company's Chief Executive Officer. This loan was for a term of 6 months with an annual interest rate of 10%, payable monthly. Through various note extensions, the debt was extended to May 5, 2018. There was no accounting effect for these extensions.

Note 7. Convertible Notes, Convertible Notes – Related Party

On February 29, 2012, a loan payable of $50,000 was converted into a two-year convertible promissory note, bearing interest of 0.19% per annum. Beginning March 31, 2012, the note was convertible into common shares of the Company at the rate of $12.00 per share. The Company evaluated the convertible note and determined that, for the embedded conversion option, there was no beneficial conversion value to record as the conversion price is considered to be the fair market value of the common shares on the note issue date. This loan (now a convertible promissory note) was originally due in February 2014. The amount due under this note has been reserved for payment upon the note being tendered to the Company by the note holder.

On March 13, 2012, the Company's CEO loaned the Company $300,000 and received a convertible promissory note due March 31, 2013, bearing interest at 0.19% per annum. The note is convertible into common shares of the Company at the rate of $12.00 per share upon five days written notice to the Company. The Company evaluated the convertible note and determined that, for the embedded conversion option, there was no beneficial conversion value to record as the conversion price is considered to be the fair market value of the common shares on the note issue date. Through various note extensions, the debt was extended to May 5, 2018. There was no accounting effect for these modifications. On April 22, 2016, the CEO converted the loan and accrued interest into common stock. The loan was converted at $2.28 per share and the Company issued 132,588 shares of common stock. The note modification was treated as a debt extinguishment under ASC 470-50. There was no gain or loss on this debt extinguishment. The Company evaluated the convertible note and determined that, for the embedded conversion option there was no beneficial conversion value to record as the conversion price exceeded the fair market value of the common shares on the note issue date.

On August 14, 2012, the Company's CEO loaned the Company $300,000 and received a convertible promissory note, payable on demand, bearing interest at 5% per annum. The note is convertible into shares of common stock of the Company at a rate of $4.20 per share (based on proceeds received on September 28, 2012 under a private placement at $4.20 per unit). The Company evaluated the convertible notes and determined that, for the embedded conversion option, there was no beneficial conversion value to record as the conversion price is considered to be the fair market value of the shares of common stock on the note issue date. Through various note extensions, the debt was extended to May 5, 2018. There was no accounting effect for these modifications.

Note 8. Commitments and Contingencies

Line of Credit

In August 2016, the Company closed on a $3 million credit line with its largest shareholder. The credit line, whose terms include a 12% per annum interest rate on drawn funds and a 2% per annum interest rate on undrawn funds, will extend through August 2019. The Company initially drew down $750,000 under the line, of which approximately $248,000 was used to repay a secured line of credit with a bank as noted below. Additionally, the Company paid a 2% origination fee of $60,000 and issued 62,500 common-stock warrants at an exercise price of $2.40 per share, which are redeemable by the Company if the closing price of its common stock averages at least $3.00 per share for 10 consecutive trading days. The origination fee and $52,500 value of the 62,500 warrants (see Note 11) were recorded as debt discounts to be amortized over the term of the line. Amortization expense was $15,625 for the nine months ended January 31, 2017. In January of 2017, the company drew an additional $500,000. At January 31, 2017 there was available credit of $1,750,000.

The Company maintained a line of credit with a bank, up to a maximum credit line of $250,000. In September 2016, the line of credit with the bank was paid and terminated.

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, 2017, no performance bonuses have been earned.

Legal Matters

On August 13, 2015, a former employee filed a complaint against the Company in the United States District Court, District of Arizona, for breach of contract claiming that Plaintiff was terminated for "Cause" when no cause existed. Plaintiff sought the remaining amounts under her employment agreement, severance pay, bonuses, value of lost benefits, and the loss of the value of her stock options. The Company filed an answer to the complaint by the September 8, 2015 deadline. That matter has been fully and finally settled for $69,000 as of June 2016 and has been dismissed. The Company accrued $87,500 in accordance with ASC 450-20-55-11 and was included in accrued expenses at April 30, 2016. The amount owed was paid in the nine months ended January 31, 2017.

Regulatory Matters

The Company’s subsidiary, Aspen University, is 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 Aspen University 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. Aspen University has had provisional certification to participate in the Title IV Programs. That provisional certification imposes certain regulatory restrictions including, but not limited to, a limit of 1,200 student recipients for Title IV funding for the duration of the provisional certification. The provisional certification restrictions continue with regard to Aspen University’s participation in Title IV Programs.

To participate in the Title IV Programs, an institution must be authorized to offer its programs of instruction by the relevant agencies of the State in which it is located. In addition, an institution must be accredited by an accrediting agency recognized by the DOE and certified as eligible by the DOE. The DOE will certify an institution to participate in the Title IV Programs only after the institution has demonstrated compliance with the HEA and the DOE’s extensive academic, administrative, and financial regulations regarding institutional eligibility and certification. An institution must also demonstrate its compliance with these requirements to the DOE on an ongoing basis. Aspen University performs periodic reviews of its compliance with the various applicable regulatory requirements. As Title IV funds received in fiscal 2016 represented approximately 28% of the Company's cash basis revenues (including revenues from discontinued operations), as calculated in accordance with Department of Education guidelines, the loss of Title IV funding would have a material effect on the Company's future financial performance.

On March 27, 2012 and on August 31, 2012, Aspen University provided the DOE with letters of credit for which the due date was extended to December 31, 2013. On January 30, 2014, the DOE provided Aspen University with an option to become permanently certified by increasing the letter of credit to 50% of all Title IV funds received in the last program year, equaling $1,696,445, or to remain provisionally certified by increasing the 25% letter of credit to $848,225. Aspen informed the DOE of its desire to remain provisionally certified and posted the $848,225 letter of credit for the DOE on April 14, 2014. On February 26, 2015, Aspen University was informed by the DOE that it again had the option to become permanently certified by increasing the letter of credit to 50% of all Title IV funds received in the last program year, equaling $2,244,971, or to remain provisionally certified by increasing the existing 25% letter of credit to $1,122,485. Aspen informed the DOE on March 3, 2015 of its desire to remain provisionally certified and post the $1,122,485 letter of credit for the DOE by April 30, 2015. In November of 2015, the DOE informed Aspen that they no longer need to post a letter of credit. It was subsequently released. The DOE may impose additional or different terms and conditions in any final provisional program participation agreement that it may issue (See Note 2 “Restricted Cash”).

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 operates 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.

On February 25, 2015, the DEAC informed Aspen University that it had renewed its accreditation for five years to January, 2019.

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 program review by the Department of Education (“DOE”) during calendar year 2013, the Company recognized that it had not fully complied with all requirements for calculating and making timely returns of Title IV funds (R2T4). In November 2013, the Company returned a total of $102,810 of Title IV funds to the DOE. In the two most recent fiscal years (2015 and 2016), Aspen's compliance audit reflected no material findings related to the 2013 program review findings.

On February 8, 2017, the DOE issued a Final Program Review Determination (“FPRD”) letter related to the 2013 program review. The FRPD includes a summary of the non-compliance areas and calculations of amounts due for the 126 students that they reviewed. We have 45 days to appeal the amounts calculated and we are currently preparing that appeal. We recognize that we will owe some amount in the range from $80,000 to $360,000. In accordance with ASC 450-20, we have recorded a minimum liability of $80,000 at January 31, 2017. Of that amount, $55,000 was recorded against the accounts receivable reserve and $25,000 was expensed.

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.

Note 9. Stockholders’ Equity

Common Stock

On June 21, 2016, the Company issued 208,333 shares valued at $400,000 and made a cash payment of $400,000 to a warrant holder in exchange for the buyback of 1,120,968 warrants. The Company re-valued the fair value of the warrants on the buyback date which equaled $594,000 and accordingly, the Company recorded an expense associated with the buyback of $206,000.

On July 31, 2016, the Company issued 29,167 shares to two IR firms for services. 16,667 shares were issued for services under a six month contract with a value of $30,000. 12,500 shares were issued for services under a one year contract with a value of $22,500. The Company recorded a prepaid for the value of the services and is amortizing over the respective service periods.

Following approval from its shareholders, on January 10, 2017, the Company effected 1-for-12 reverse split of its common stock. All references to common shares and per-share data for all periods presented in this report have been retroactively adjusted to give effect to this reverse split.

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, 2016	1,993,023	$ 2.28	—	$ 1,054,450
Granted	62,500	2.40	—	78,125
Exercised	—	—	—	—
Forfeited	(1,120,968)	1.92	—	—
Expired	—	—	—	—
Balance outstanding, January 31, 2017	934,555	$ 2.88	1.8	$ 1,132,575
Exercisable, January 31, 2017	934,555	$ 2.88	1.8	$ 1,132,575

On June 24, 2016, the Company issued 208,333 shares and a cash payment of $400,000 to a warrant holder in exchange for 1,120,968 warrants as discussed above.

On August 31, 2016, the Company announced that it had closed on a $3 million credit line with its largest shareholder. The Company paid a 2% origination fee of $60,000 and issued 62,500 common-stock warrants at an exercise price of $2.40 per share, which are redeemable by the Company if the closing price of its common stock averages at least $3.00 per share for 10 consecutive trading days.

Stock Incentive Plan and Stock Option Grants to Employees and Directors

Immediately following the closing of the Reverse Merger, on March 13, 2012, the Company adopted the 2012 Equity Incentive Plan (the "Plan") that provides for the grant of 1,691,667 effective November 2015 and 2,108,333 shares effective June 2016, 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, 2017, there were 144,853 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, 2017.

	January 31, 2017
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.

A summary of the Company's stock option activity for employees and directors during the nine months ended January 31, 2017, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance outstanding, April 30, 2016	1,494,259	$ 2.76	0.6	$2,020,711
Granted	538,333	$ 2.40	4.5	694,390
Exercised		—	—	—
Forfeited	(85,361)	$ 3.72	1.9	—
Expired	—	—	—	—
Balance outstanding, January 31, 2017	1,947,231	$ 2.28	3.09	$ 2,715,101
Exercisable, January 31, 2017	1,891,540	$ 2.28	1.86	$ 1,375,198

On May 19, 2016, the Company granted to each of its eight non-employee directors 12,500 five-year stock options. The Company granted an additional 4,167 five-year stock options to the chairman of the Compensation Committee and to the chairman of the Audit Committee. These options are exercisable at $1.92 and vest in three years. For the directors receiving 12,500, the fair value was approximately $7,500 per grant and for the two directors receiving 16,667 options, the fair value on the date of grant was approximately $10,000.

On June 20, 2016, the Company granted 2,500 options to an employee. The fair value was approximately $5,000 and vest over 3 years.

On June 23, 2016, the Company granted 166,667 stock options to the Chief Operating Officer, 58,333 stock options to the Chief Academic Officer and 25,000 to the Chief Financial Officer. The five-year options are exercisable at a price of $1.99 and vest over three years. On the date of grant, the grant to the Chief Operating Officer had a fair value of approximately $100,000, the grant to the Chief Academic Officer had a fair value of approximately $35,000 and the grant to the Chief Financial Officer had a fair value of approximately $15,000.

On September 12, 2016, the Company extended approximately 420,000 options that were expiring in 2017. The new expiration dates were extended three years. The cost associated with these extensions is approximately $150,000, which represents the difference between the fair value of the options before the modification and the fair value immediately after the modification. These extended options will vest over the next three years.

On October 1, 2016, the Company granted 20,417 options to a pool of employees. The fair value was approximately $17,000 and the options vest over 3 years.

On November 18, 2016, under the Plan the Company granted 41,667 five-year options to each of the two new directors elected at the annual meeting held that month. These options are exercisable at $3.24 per share. The options were valued at $40,000 each and vest over a three year term, subject to continued service.

On January 6, 2017, the Company granted 69,583 options to a pool of employees. The fair value was approximately $225,000 and the options vest over three years.

As of January 31, 2017, there was approximately $477,000 of unrecognized compensation costs related to non-vested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.7 years.

The Company recorded compensation expense of $253,833 for the nine months ended January 31, 2017 in connection with employee stock options. The Company recorded compensation expense of $223,657 for the nine months ended January 31, 2016 in connection with employee stock options.

Stock Option Grants to Non-Employees

There were no stock options granted to non-employees during nine months ended January 31, 2017 and 2016. The Company recorded no compensation expense for the nine months ended January 31, 2017 and January 31, 2016 in connection with non-employee stock options. There was no unrecognized compensation cost at January 31, 2017.

A summary of the Company's stock option activity for non-employees during the nine months ended January 31, 2017, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance outstanding, April 30, 2016	16,250	$ 3.48	0.20	$ 8,550
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Balance outstanding, January 31, 2017	16,250	$ 3.48	0.20	$ 8,550
Exercisable, January 31, 2017	16,250	$ 3.48	0.20	$ 8,550

Note 10. Related Party Transactions

See Note 3 for discussion of secured note and account receivable to related parties and see Notes 6 and 7 for discussion of loans payable and convertible notes payable to related parties.

Note 11. Fair Value Measurements – Warrant Derivative liability

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standard established a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 input are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities measured at fair value on a recurring and non-recurring basis consisted of the following at January 31, 2017 which related to 62,500 warrants which contained price protection:

	Carrying Value at January 31, 2017	Fair value Measurements at January 31, 2017		
		(Level 1)	(Level 2)	(Level 3)
Warrant derivative liability	$ 52,500	$ —	$ —	$ 52,500

The following is a summary of activity of Level 3 liabilities for the nine-month period ended January 31, 2017:

Balance April 30, 2016	$ —
Initial valuation of warrant derivative liability	52,500
Change in valuation of warrant derivative liability	—
Balance January 31, 2017	$ 52,500

Changes in fair value of the warrant derivative liability are included in other income (expense) in the accompanying unaudited condensed consolidated statements of operations.

The Company intends to provide notice to the warrant holder that they would redeem any unexercised warrants within 30 days in accordance with the warrant terms as the Company's common stock trading average was at least twenty-five cents over ten consecutive trading days. Accordingly, the fixed monetary redemption value of $0.84 indicates the fair value as of January 31, 2017.

There were no changes in the valuation techniques during the three and nine month period ended January 31, 2017.

Note 12. Subsequent Event

On March 8, 2017, Aspen entered into a letter of intent to acquire a regionally accredited for profit university for $9 million. The letter of intent is non binding in material respects except for a no shop and certain other aspects. It is subject to a number of contingencies including execution of a Merger Agreement within 60 days and there is an important financial contingency that must be met by the end of calendar 2017. In furtherance of this possible acquisition, the Company has agreed to lend $900,000 to the target with the loan guaranteed by its principal owner. The Company also entered into a Marketing Consulting Agreement with this university. If the Merger Agreement is not entered into within 60 days or the parties otherwise terminate the proposed merger, the $900,000 and 8% per annum interest is immediately due. Otherwise it is a credit towards the $2.5 million cash due at closing. The Company will draw the $900,000 from the third party line of credit.

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 27, 2016 with the Securities and Exchange Commission, or the SEC.

All references to "we," "our," "us," and "Aspen" refer to Aspen Group, Inc. and its subsidiary, Aspen University Inc. ("University") unless the context otherwise indicates. In referring to academic matters, these words refer solely to Aspen University.

Company Overview

Founded in 1987, Aspen University's mission is to offer any motivated college-worthy student the opportunity to receive a high quality, responsibly priced distance-learning education for the purpose of achieving sustainable economic and social benefits for themselves and their families. Aspen is dedicated to providing the highest quality education experiences taught by top-tier professors - 57% of our adjunct professors hold doctorate degrees.

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 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.

One of the key differences between Aspen and other publicly-traded, exclusively online, for-profit universities is the fact that the majority of our active degree-seeking students (71% as of January 31, 2017) were enrolled in Aspen University's School of Nursing.

Student Population Overview*

Aspen's active degree-seeking student body increased year-over-year by 50% during the fiscal quarter ended January31, 2017, from 2,704 to 4,065 students.

Our most popular school is our School of Nursing. Aspen's School of Nursing has grown from 62% of our active degree-seeking student body at January 31, 2016, to 71% at January 31, 2017. Aspen's School of Nursing grew from 1,663 to 2,899 student's year-over-year, which represented 91% of Aspen's active degree-seeking student body growth. At January 31, 2017, Aspen's School of Nursing included 1,771 active students in the RN to BSN program and 1,128 active students in the MSN program or the RN to MSN Bridge program.

*** Note: Aspen has revised its degree seeking student body definition to only report "Active Degree-Seeking Students." "Active Degree-Seeking Students" are defined as students who were enrolled in a course during the quarter reported, or are registered for an upcoming course. Aspen is using this definition going forward because it is more closely aligned with the definitions used by other publicly traded, for-profit institutions.**

New Student Enrollment and Active Degree Seeking Student Body Growth

Since the launch of the BSN marketing campaign in November, 2014, Aspen's growth rate of new student enrollments has accelerated significantly. Below is a quarterly analysis of the growth of Aspen'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, 2017.

	New Student Enrollments	Active Degree Seeking Student Body*
Fiscal quarter end July 31, 2015	410	2,153
Fiscal quarter end October 31, 2015	557	2,422
Fiscal quarter end January 31, 2016	550	2,704
Fiscal quarter end April 30, 2016	572	2,932
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

Aspen's School of Nursing is responsible for the vast majority of the new student enrollment and overall active student body growth. Specifically, Aspen's School of Nursing is now on pace to grow on an annualized basis by approximately 1,320 Active Nursing students – net of student graduations and withdrawals (or ~110/month). Aspen's BSN program accounts for 68% of that growth, as that program is on pace to increase on an annualized basis by approximately 900 students – net (or ~75/month).

Aspen University expects its total active degree-seeking student body to continue its rapid growth and reach approximately 4,500 students by the end of the fiscal year, April 30, 2017. Therefore, the university is on pace to increase its active student body by ~1,600 students on an annualized basis in fiscal year 2017 versus the previous pace of ~950 active students a year ago, an improvement of 68% year-over-year.

Nursing 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, as well as the Nursing degree-seeking revenue as a percentage of total revenues.

	Total Degree-Seeking Active Student Body	**Nursing Degree-Seeking Active Student Body**	**Nursing Degree-Seeking Active Student Body (%)**	**Nursing Degree-Seeking Active Student Body – Revenue %***
Quarter ended October 31, 2015	2,422	1,379	57%	59%
Quarter ended January 31, 2016	2,704	1,663	62%	62%
Quarter ended April 30, 2016	2,932	1,882	64%	67%
Quarter ended July 31, 2016	3,252	2,144	66%	69%
Quarter ended October 31, 2016	3,726	2,538	68%	71%
Quarter ended January 31, 2017	4,064	2,899	71%	71%

Monthly Payment Programs Overview

Since the March 2014 monthly payment plan announcement, 61% of 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, 2017, Aspen had 2,329 active students paying through a monthly payment plan, and 247 students paying through a monthly installment plan, for a total of 2,575 active students paying tuition through a monthly payment method. Additionally, Aspen is currently on pace to add approximately 90 active students/month net to its monthly payment programs through fiscal year 2017. Monthly recurring tuition cash payments for monthly payment programs are approximately $650,000 per month, as compared to approximately $150,000 per month 18 months ago.

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 33% of total cash receipts in fiscal year 2015 to approximately 28% for fiscal year 2016.

Marketing Efficiency Analysis

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

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

<u>Cost per Enrollment (CPE)</u>
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**	2.6x	4.0x	6.0x	7.4x	9.1x

* Projection
** Based on current $768 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 9.1x, in other words a 9.1x 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 more than double the efficiency level of that sector.

Results of Operations

For the Quarter Ended January 31, 2017 Compared with the Quarter Ended January 31, 2016

Revenue

Revenue from operations for the quarter ended January 31, 2017 ("2017 Quarter") increased to $3,735,626 from $2,164,031 for the quarter ended January 31, 2016 ("2016 Quarter"), an increase of $1,571,595 or 73%.

New class starts begun in the 2017 quarter rose to 4,652 from 2,753 for the 2016 quarter, an increase of 69%. The average tuition price of the new class starts rose to $815 for the 2017 quarter from $795 for the 2016 quarter, an increase of 3%.

Cost of Revenues (exclusive of amortization)

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

Instructional Costs and Services

Instructional costs and services for the 2017 Quarter rose to $694,884 from $505,205 for the 2016 Quarter, an increase of $189,679 or 38%.

Note that instructional costs and services for the 2017 Quarter dropped to 19% of revenues, as compared to 23% of revenues for the 2016 Quarter. As student enrollment levels continue to rise, Aspen anticipates the growth rate in instructional costs and services will continue to lag that of overall revenue growth as a result of the Company commencing in early-2016 with a full-time faculty conversion model which saves approximately $50,000 per year for each adjunct faculty member that is converted to full-time status. Depending upon how successful Aspen is in converting faculty to full-time status, we estimate annualized savings of over $500,000.

Note that on a sequential basis, Instructional costs and services rose by $147,421 as a result of a 25% sequential increase of course completions and resulting from Aspen converting 3 additional adjunct professors to full-time faculty in the School of Nursing. The full benefit of these full-time faculty conversions will be reflected in future quarters once these conversions take full effect.

Marketing and Promotional

Marketing and promotional costs for the 2017 Quarter were $664,247 compared to $490,321 for the 2016 Quarter, an increase of $173,926 or 35%. The Company expects marketing and promotional costs to rise in future periods, given we expect to increase monthly marketing spend to approximately $360,000 during the 2018 fiscal year.

Gross Profit rose to 60% of revenues or $2,256,918 for the 2017 Quarter from 48% of revenues or $1,029,373 for the 2016 Quarter.

Costs and Expenses

General and Administrative

General and Administrative costs for the 2017 Quarter were $2,133,074 compared to $1,659,133 during the 2016 Quarter, an increase of $473,941 or 29%. A significant portion of this increase is the approximate $389,000 increase in payroll, primarily due to the headcount of our enrollment center increasing by 90% year-over-year. Investor relation expenses also increased $78,000. General and Administrative costs as a percentage of revenue for the 2017 Quarter declined to 57% compared to 77% during the 2016 Quarter.

From a sequential perspective, General and Administrative costs rose by $213,421 as a result of Aspen increasing its headcount in its enrollment center to 40 at the end of January, a quarter earlier than forecasted.

Depreciation and Amortization

Depreciation and amortization costs for the 2017 Quarter declined to $132,727 from $151,597 for the 2016 Quarter, a decrease of $18,870 or 12%.

Other Expense, net

Other expense, net for the 2017 Quarter increased to $78,317 from $32,739 in the 2016 Quarter, an increase of $45,578 or 139%. This increase is due to interest paid on the third party line of credit.

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

Net Income for 2017 Quarter was $7,377 as compared to a loss of ($674,964) for the 2016 Quarter, an improvement of $682,341 or approximately 101%. Contributing to this improvement was the year-over-year increase in revenues of $1,571,595 or 73% in the 2017 Quarter growing at a significantly higher rate than the increase of General and Administrative costs of only 29%. The 2017 Quarter was the second consecutive quarter that Aspen generated net income.

For the Nine Months Ended January 31, 2017 Compared with the Nine Months Ended January 31, 2016

Revenue

Revenue from operations for the nine months ended January 31, 2017 (“2017 Period”) increased to $9,957,467 from $5,783,053 for the nine months ended January 31, 2016 (“2016 Period”), an increase of $4,174,414 or 72%.

Cost of Revenues (exclusive of amortization)

The Company’s cost of revenues consist of instructional costs and services and marketing and promotional costs.

Instructional Costs and Services

Instructional costs and services for the 2017 Period rose to $1,701,945 from $1,276,125 for the 2016 Period, an increase of $425,820 or 33%.

As student enrollment levels continue to rise, Aspen anticipates the growth rate in instructional costs and services will continue to lag that of overall revenue growth as a result of the Company commencing in early-2016 with a full-time faculty conversion model which saves approximately $50,000 per year for each adjunct faculty member that is converted to full-time status. Depending upon how successful Aspen is in converting faculty to full-time status, we estimate annualized savings of over $500,000.

Marketing and Promotional

Marketing and promotional costs for the 2017 Period were $1,788,101 compared to $1,361,311 for the 2016 Period, an increase of $426,790 or 31%. The Company expects marketing and promotional costs to rise in future periods, given we expect to increase monthly marketing spend to approximately $360,000 during the 2018 fiscal year.

Gross Profit rose to 61% of revenues or $6,079,774 for the 2017 Quarter from 47% of revenues or $2,737,625 for the 2016 Quarter.

Costs and Expenses

General and Administrative

General and administrative costs for the 2017 Period were $6,228,554 compared to $4,746,953 during the 2016 Period, an increase of $1,481,601 or 31%. A significant portion of this increase is the increase in payroll, as well as $206,000 for the warrant surrender incurred in the quarter ending July 31, 2016.

Depreciation and Amortization

Depreciation and amortization costs for the 2017 Period decreased to $422,782 from $443,314 for the 2016 Period, a decrease of $20,532 or 5%.

Other Income (Expense)

Other income for the 2017 Period decreased to $3,047 from $8,077 in the 2016 Period, a decrease of $5,030 or 62%. Interest expense increased to $175,662 from $101,518, an increase of $74,144 or 73%. This increase is primarily due to interest paid for the third party line of credit.

Income Taxes

Income taxes expense (benefit) for the 2017 Period and 2016 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 2017 Period was ($381,530) as compared to ($2,138,091) for the 2016 Period, a decrease in the loss of $1,756,561, or approximately 82%. Contributing to this lower loss was the increase in revenues and gross profits in the 2017 Period, as well as lower proportional increase in General and Administrative expenses relative to the increase in revenues. Since Aspen had net income for the second and third quarters of 2017, the net loss stemmed solely from the first fiscal quarter.

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 Aspen Group 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.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table below including non-recurring charges of $146,809. 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, 2017	2016
Net income (loss)	$ 7,377	$ (674,964)
Interest expense, net of interest income	78,317	32,739
Depreciation & amortization	132,727	151,597
EBITDA (loss)	218,421	(490,628)
Bad debt expense	(25,680)	71,489
Non-recurring charges	146,809	147,681
Stock-based compensation	96,498	94,670
Adjusted EBITDA (Loss)	$ 436,048	$ (176,788)

Liquidity and Capital Resources

A summary of our cash flows is as follows:

	For the Nine Months Ended January 31, 2017	For the Nine Months Ended January 31, 2016
Net cash provided by (used in) operating activities	$ (99,042)	$ (1,359,801)
Net cash provided by (used in) investing activities	(571,856)	723,783
Net cash provided by (used in)financing activities	784,200	(723)
Net increase (decrease) in cash and cash equivalents	$ 113,302	$ (636,741)

Net Cash Provided by (Used in) Operating Activities

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 used in operating activities during the 2016 Period totaled ($1,359,801) and resulted primarily from a net loss from continuing operations of ($2,138,091) offset by non-cash items of $894,048, comprised of $443,314 in depreciation and amortization, $223,657 of stock compensation expense, $170,677 of bad debt expense, $50,400 for amortization of prepaid services and $6,000 for warrant conversion expense, as well as a net change in operating assets and liabilities of ($115,758), of which the $1,168,549 increase in accounts receivable was the most significant.

Net Cash Provided by (Used in) Investing Activities

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

Net cash provided by investing activities during the 2016 Period totaled $723,783 and resulted primarily from the release of the DOE letter of credit offset by capitalized technology expenditures included in property plant and equipment.

Net Cash Provided By (Used In) Financing Activities

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.

Net cash used in financing activities during the 2016 Period totaled ($723) which resulted primarily from a net increase in the line of credit at our bank offset by purchase of shared under a settlement agreement.

Liquidity and Capital Resource Considerations

Historically, our primary source of liquidity is cash receipts from tuition and the issuances of debt and equity securities. The primary uses of cash are payroll related expenses, professional expenses and instructional and marketing expenses.

As of March 9, 2017, the Company had a cash balance of approximately $1.0 million. With the additional cash from the Company's $3 million line of credit, the growth in the Company revenues and improving operating margins, the Company believes that it has sufficient cash to allow the Company to meet its operational expenditures as our business is currently operating for at least the next 12 months. In order to close the contemplated acquisition (as disclosed under Note 12 to the unaudited consolidated financial statements contained herein), the Company will be required to obtain an additional line of credit or other access to capital.

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 10 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 failure to generate sufficient revenue. Further information on our risk factors is contained in our filings with the SEC, including the Form 10-K filed on July 27, 2016. 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

None.

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 9, 2017

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

March 9, 2017

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	Certificate of Incorporation, as amended				Filed
10.1	Employment Agreement with Michael Mathews dated November 2, 2016*				Filed
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	Certification of Principal Executive and Principal Financial Officer (906)				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

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* 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.

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.

EXHIBIT 3.1

CERTIFICATE OF INCORPORATION
OF
ASPEN GROUP, INC.

1. The name of the corporation is Aspen Group, Inc. (the "Company").

2. The address of its registered office in the State of Delaware, County of New Castle, is Vcorp Services, LLC, 1811 Silverside Road, Wilmington, Delaware 19810.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

4. The total number of shares of stock of all classes and series the Company shall have authority to issue is 65,000,000 shares consisting of (i) 60,000,000 shares of common stock, par value of $0.001 per share and (ii) 5,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law.

5. The name and mailing address of the incorporator is as follows:

Michael D. Harris
3507 Kyoto Gardens Drive
Suite 320
Palm Beach Gardens, FL 33410

6. The Company is to have perpetual existence. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, amend, alter or repeal the bylaws of the Company.

7. Elections of directors need not be by written ballot unless the bylaws of the Company shall so provide.

8. Meetings of shareholders may be held within or without the State of Delaware as the bylaws may provide. The books of the Company may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the Company.

9. The Company reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

10. No director of this Company shall be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director. Nothing in this paragraph shall serve to eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to this Company or its shareholders, (b) for acts or omissions not in good faith or which involves intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the shareholders of this article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

11. (a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding (except as provided in Section 11 (f)) whether civil, criminal or administrative, (a "Proceeding"), or is contacted by any governmental or regulatory body in connection with any investigation or inquiry (an "Investigation"), by reason of the fact that he or she is or was a director or executive officer (as such term is utilized pursuant to interpretations under Section 16 of the Securities Exchange Act of 1934) of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (an "Indemnitee"), whether the basis of such Proceeding or Investigation is alleged action in an official capacity or in any other capacity as set forth above shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); <u>provided, however</u>, that an Advancement of Expenses shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise (an "Undertaking").

(b) If a claim under paragraph (a) of this Section is not paid in full by the Company within 60 days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In

(i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and

(ii) any suit by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Company shall be entitled to recover such expenses upon a final adjudication that,

the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Company (including its board of directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its board of directors, independent legal counsel, or its shareholders) that the Indemnitee has not met such applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right hereunder, or by the Company to recover an Advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified or to such Advancement of Expenses under this Section or otherwise shall be on the Company.

(c) The rights to indemnification and to the Advancement of Expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this certificate of incorporation, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

(d) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(e) The Company may, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the Advancement of Expenses, to any employee or agent of the Company to the fullest extent of the provisions of this Section with respect to the indemnification and Advancement of Expenses of directors, and executive officers of the Company.

(f) Notwithstanding the indemnification provided for by this Section 11, the Company's bylaws, or any written agreement, such indemnity shall not include any expenses incurred by such Indemnitees relating to or arising from any Proceeding in which the Company asserts a direct claim against an Indemnitee, or an Indemnitee asserts a direct claim against the Company, whether such claim is termed a complaint, counterclaim, crossclaim, third-party complaint or otherwise.

11. This Certificate of Incorporation 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 Corporation 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.

12. All action by holders of the Company's outstanding voting securities shall be taken at an annual or special meeting of the shareholders following notice as provided by law or in the Bylaws and shareholders of the Company shall not have the power to act by means of written consent.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Incorporation as of the 9th day of February 2012.

ELITE NUTRITIONAL BRANDS, INC.

By: /s/ Don Ptalis

Don Ptalis, Chief Executive Officer

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION
OF
ASPEN GROUP, INC.

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of Aspen Group, Inc. (the "Corporation") resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation be amended by changing Articles thereof numbered Fourth relating to the authorized shares of the Corporation so that, as amended, said Article shall be read as follows:

"FOURTH:

> The total number of shares of stock of all classes and series the Company shall have authority to issue is 130,000,000 shares consisting of (i) 120,000,000 shares of common stock, par value of $0.001 per share and (ii) 10,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the 14th day of February, 2012.

/s/ Don Ptalis
Don Ptalis, Chief Executive Officer

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

Aspen Group, Inc. (the ''Company''), a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

FIRST: That at a meeting of the Board of Directors of the Company resolutions were duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Company, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

> **RESOLVED**, that the Certificate of Incorporation of the Company be amended by changing the Fourth Article thereof so that, as amended, said Article shall be and read as follows:
>
> The total number of shares of stock of all classes and series the Company shall have authority to issue is 260,000,000 shares consisting of (i) 250,000,000 shares of common stock, par value of $0.001 per share and (ii) 10,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a meeting of the stockholders of the Company was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute and by the Certificate of Incorporation were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

Signature Page Follows

IN WITNESS WHEREOF, the undersigned has caused this certificate to be executed as of this ______day of September, 2014.

ASPEN GROUP, INC.

By: /s/ Michael Mathews
Name: Michael Mathews
Title: Chief Executive Officer and Director

AMENDMENT TO
CERTIFICATE OF INCORPORATION

Aspen Group, Inc. (the ‘‘Company’’), a corporation organized and existing under the General Corporation Law of the State of Delaware (the ‘‘Delaware General Corporation Law’’), hereby certifies as follows:

1. Pursuant to Sections 242 and 228 of the Delaware General Corporation Law, the amendment herein set forth has been duly approved by the Board of Directors and holders of a majority of the outstanding capital stock of the Company.

2. The Certificate of Incorporation is amended by replacing the entirety of Section 4 with the following:

> “The total number of shares of stock of all classes and series the Company shall have authority to issue is 260,000,000 shares consisting of (i) 250,000,000 shares of common stock, par value of $0.001 per share and (ii) 10,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law. As of 9:00 a.m. Eastern Standard Time on December 14, 2016 (the “Effective Time”) pursuant to the Delaware General Corporation Law of this Certificate of Amendment to the Certificate of Incorporation of the Corporation, each twelve (12) shares of Common Stock either issued and outstanding or held by the Corporation in treasury stock immediately prior to the Effective Time shall, automatically and without any action on the part of the respective holders thereof, be combined and converted into one (1) share of Common Stock (the “Reverse Stock Split”). No fractional shares shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of Common Stock shall be entitled to receive cash (without interest or deduction) from the Corporation’s transfer agent in lieu of such fractional share interests upon the submission of a transmission letter by a stockholder holding the shares in book-entry form and, where shares are held in certificated form, upon the surrender of the stockholder’s Old Certificates (as defined below), in an amount equal to the product obtained by multiplying (a) the closing price per share of the Common Stock as reported on the principal market for the Corporation’s common stock as of the date of the Effective Time, by (b) the fraction of one share owned by the stockholder. Each certificate that immediately prior to the Effective Time represented shares of Common Stock (“Old Certificates”), shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.”

3. This Certificate of Amendment to Certificate of Incorporation was duly adopted and approved by the shareholders of the Company on the 17th day of November, 2016 in accordance with Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to Certificate of Incorporation as of the 6th day of December, 2016.

ASPEN GROUP, INC.

By: /s/ Michael Mathews
Michael Mathews
Chief Executive Officer

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of November 1, 2016 (the "Effective Date"), between Aspen Group, Inc., a Delaware corporation (the "Company"), and Michael Mathews (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's Services (as defined), information concerning proposed new Services, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 9(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of his employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Students and Professors, each, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to continue to employ the Executive and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Executive agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that he (i) is not subject to any non-solicitation or non-competition agreement affecting his employment with the Company (other than any prior agreement with the Company), (ii) is not subject to any confidentiality or nonuse/nondisclosure agreement affecting his employment with the Company (other than any prior agreement with the Company), and (iii) has brought to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer. The Executive and the Company agree that this

Agreement replaces that certain Employment Agreement between the Executive and the Company dated May 16, 2013.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing as of the Effective Date (such period, as it may be extended or renewed, the "Term"), unless sooner terminated in accordance with the provisions of Section 6. The Term shall be automatically renewed for successive one-year terms unless notice of non-renewal is given by either party at least 30 days before the end of the Term.

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 6(e), 7, 8, 9, 10, 12 15, 18, 19, and 22 shall remain in full force and effect and the provisions of Section 9 shall be binding upon the legal representatives, successors and assigns of the Executive.

3. Duties.

(a) General Duties. The Executive shall serve as the Chief Executive Officer of the Company, with duties and responsibilities that are customary for such an executive. The Executive shall report to the Company's Board of Directors (the "Board"). The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use his best efforts to perform his duties and discharge his responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used his best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement. The Executive shall, if requested, also serve as a member of the Board of the Company or as an officer or director of any affiliate of the Company for no additional compensation.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote such time, attention and energies to the affairs of the Company and its subsidiaries and affiliates as are necessary to perform his duties and responsibilities pursuant to this Agreement. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board. Notwithstanding the above, the Executive shall be permitted to devote a limited amount of his time, to professional, charitable or similar organizations, including, but not limited to, serving as a non-executive director or an advisor to a board of directors, committee of any company or organization provided that such activities do not interfere with the Executive's performance of his duties and responsibilities as provided hereunder.

(c) Location of Office. The Executive's principal business office shall be in New York. However, the Executive's job responsibilities shall include all business travel necessary for the performance of his job including travel to the Company's offices located in Colorado, Arizona and any other location in which the Company may in the future establish an office.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of $325,000 (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations payable in accordance with the Company's customary payroll practices. The Executive's Base Salary shall be reviewed at least annually by the Board and the Board may, but shall not be required to, increase the Base Salary during the Term. However, the Executive's Base Salary may not be decreased during the Term.

(b) Target Bonus. For each fiscal year during the Term beginning May 1st and ending April 30th of the applicable fiscal year, the Executive shall have the opportunity to earn a bonus up to 30%, 66% or 100% of his then Base Salary (the "Target Bonus") as follows:

When the Company achieves annual Adjusted EBITDA (as defined below) at certain threshold levels (each, an "EBITDA Threshold"), the Executive shall receive an automatic cash bonus (the "Automatic Cash Bonus") equal to a percentage of his then Base Salary, and shall receive a grant of fully vested shares of the Company's common stock having an aggregate Fair Market Value (as such term is defined in the Company's 2012 Equity Incentive Plan, as amended) equal to a percentage of the Executive's then Base Salary (the "Automatic Equity Bonus"). In addition, the Executive shall be eligible to receive an additional percentage of his then Base Salary as a cash bonus (the "Discretionary Cash Bonus") and an additional grant of fully vested shares of the Company's common stock having an aggregate Fair Market Value equal to a percentage of the Executive's then Base Salary (the "Discretionary Equity Bonus") based on the Board's determination that the Executive has achieved certain annual performance objectives established by the Board, based on the mutual agreement of the Chief Executive Officer and the Executive, at the beginning of each fiscal year.

The EBITDA Thresholds and corresponding bonus levels are set forth in the table below. For the avoidance of doubt, the Executive shall only be eligible to receive the bonuses associated with a single EBITDA Threshold; i.e. in the event the Company attains EBITDA Threshold (2), only the bonuses associated with EBITDA Threshold (2) below (and not the bonuses associated with EBITDA Threshold (1)) shall be applicable.

EBITDA Threshold	Automatic Cash Bonus	Automatic Equity Bonus	Discretionary Cash Bonus	Discretionary Equity Bonus
(1) $1,000,000 - $1,999,999	7.5%	7.5%	Up to 7.5%	Up to 7.5%
(2) $2,000,000 - $3,999,999	16.5%	16.5%	Up to 16.5%	Up to 16.5%
(3) $4,000,000 and over	25%	25%	Up to 25%	Up to 25%

Provided, however, that the earning of the Target Bonus is subject to the Company having at least $2,000,000 in available cash as of the last day of an applicable fiscal year after deducting the Target Bonus paid to all executive officers of the Company or its subsidiaries under the same Target Bonus formula pursuant to such executives' employment agreements (the "Cash Threshold") and the Executive continuing to provide services under this Agreement on the applicable Target Bonus determination date. If the Company is unable to pay the Target Bonus as a result of not meeting the Cash Threshold, no Target Bonus will be earned for that fiscal year. As used in this Agreement, Adjusted EBITDA is calculated as earnings (or loss) from continuing operations before preferred dividends, interest expense, income taxes, collateral valuation adjustment, bad debt expense, depreciation and amortization, and amortization of stock-based compensation; however, if Adjusted EBITDA shall be defined differently in any filing of the Company with the Securities and Exchange Commission subsequent to the date of this Agreement, then Adjusted EBITDA shall thereafter be defined in accordance with the definition most recently set forth in any such filing at each Target Bonus determination date. In meeting the $2,000,000 cash requirement referred to above, the Company shall deduct all borrowings including under its secured line of credit (the "Credit Line") which were made within three months of the end of any applicable fiscal year unless the borrowings were attributable to paying ongoing operating expenses then due or which are expected to become due and for which, based on internal forecasts will not be paid by expected cash flow, within three months from the end of a fiscal year. By way of example, assume that the Company has borrowed $200,000 under the Credit Line in the past three months prior to the fiscal year end (which if it is April 30 would be February 1 through April 30) which is A and that due to expansion of the Scottsdale office, its payroll expenses will increase by $150,000 over the next three months which is B. The formula is A minus B equals C or the amount deducted from the cash balance. Accordingly, in this example C is $50,000 which would be deducted from the cash balance on the last day of the fiscal year. To receive the Target Bonus the amount of cash should be at least $2,050,000.

(c) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable documented travel (including travel expenses incurred by the Executive related to his travel to the Company's other offices), entertainment and miscellaneous expenses incurred in connection with the performance of his duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the

Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Paid Time Off. For each 12-month period during the Term, the Executive shall be entitled to three weeks of Paid Time Off without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. Any unused days will be carried over to the next 12 month period.

(b) Fringe Benefit and Perquisites. During the Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both to similarly situated executives of the Company). Notwithstanding the foregoing, during the Term, the Company shall provide the Executive with health insurance covering the Executive and family dependents.

(c) Employee Benefits. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law.

(d) Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to engage in his customary duties by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or his guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of Executive's death or disability, the Company shall pay the following to the Executive or his personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any earned but unpaid bonuses for any prior period and his annual bonus prorated to date of termination (to the extent the Compensation Committee has set a formula and it can be calculated), and (v) all equity awards previously granted to the Executive under the Incentive Plan or similar plan shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to two years from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or his estate) shall receive the payments provided herein at such times as he would have received them if there was no death or disability. Additionally, if the Executive's employment is terminated because of disability, any benefits (except perquisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates his employment with the Company without Good Reason (as defined in Section 6(c)), then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony related to the business of the Company; (ii) the Executive, in carrying out his duties hereunder, has acted with gross negligence or intentional misconduct resulting, in any case, in material harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company including a material amount of money or property; (iv) the Executive breaches his fiduciary duty to the Company resulting in material profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company and fails to cure such breach within 10 days of receipt of notice, unless the act is incapable of being cured; (vi) the Executive breaches any provision of Section 8 or Section 9; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission after an opportunity for a hearing; (ix) the Executive refuses to carry out a resolution adopted by the Company's Board at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (x) the Executive abuses alcohol or drugs in a manner that interferes with the successful performance of his duties.

(c) Termination by the Company Without Cause, Termination by Executive for Good Reason or Automatic Termination Upon a Change of Control or at the end of a Term after the Company provides notice of Non-Renewal.

(1) This Agreement may be terminated: (i) by the Executive for Good Reason (as defined below), (ii) by the Company without Cause, (iii) upon any Change of Control event as defined in Treasury Regulation Section 1.409A-3(i)(5) provided, that, within 12 months of the Change of Control event (A) the Company terminates the Executives employment or changes his title as Chief Executive Offer, or (B) the Executive terminates his employment or (iv) at the end of a Term after the Company provides the Executive with notice of non-renewal.

(2) In the event this Agreement is terminated by the Executive for Good Reason or by the Company without Cause, the Executive shall be entitled to the following:

(A) any accrued but unpaid Base Salary for services rendered to the date of termination;

(B) any accrued but unpaid expenses required to be reimbursed under this Agreement;

(C) a payment equal to twelve months of the then Base Salary ("Severance Amount");

(D) the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its Term;

(E) all equity awards previously granted to the Executive under the Incentive Plan or similar plan shall thereupon become fully vested; and

(F) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for six months, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

(3) In the event of a Change of Control during the Term, the Executive, subject to the termination of employment or change in title as outlined in Section 6(c)(1), shall be entitled to receive each of the provisions of Section 6(c)(2)(A) – (F) above except the Severance Amount shall equal to 18 months of the then Base Salary and the benefits under Section 6(c)(2)(F) shall continue for an 18 month period provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits under Section 6(c)(2)(F) are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)). The Executive shall receive 100% of the existing Target Bonus, if any, for that fiscal year, when the Change of Control occurs.

(4) In the event this Agreement is terminated at the end of a Term after the Company provides the Executive with notice of non-renewal and the Executive remains employed until the end of the Term, the Executive shall be entitled to the following:

(A) any accrued but unpaid Base Salary for services rendered to the date of termination;

(B) any accrued but unpaid expenses required to be reimbursed under this Agreement;

(C) a Severance Amount equal to six months of the then Base Salary;

(D) the Executive or his legally appointed guardian, as the case may be, shall have up to two years from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its Term; and

(E) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for six months, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

Provided, however, that the Executive shall only be entitled to receive each of the provisions of this Section 6(c)(4)(A)-(E) if the Executive is willing and able (i) to execute a new agreement providing terms and conditions substantially similar to those in this Agreement and (ii) to continue providing such services, and therefore, the Company's non-renewal of the Term will be considered an “involuntary separation from service” within the meaning of Treasury Regulation Section 1.409A-1(n).

(5) In the event of a termination for Good Reason, without Cause, or non-renewal by the Company, the payment of the Severance Amount shall be made at the same times as the Company pays compensation to its employees over the applicable monthly period and any other payments owed under Section 6(c) shall be promptly paid. Provided, however, that any balance of the Severance Amount remaining due on the “applicable 2 ½ month period” (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)) after the end of the tax year in which the Executive’s employment is terminated or the Term ends shall be paid on the last day of the applicable 2½ month period. The payment of the Severance Amount and the acceleration of vesting shall be conditioned on the Executive signing an Agreement and General Release (in the form which is attached as Exhibit A) which releases the Company or any of its affiliates (including its officers, directors and their affiliates) from any liability under this Agreement or related to the Executive’s employment with the Company provided that (x) the payment of the Severance Amount is made on or before the 90th day following the Executive’s termination of employment; (y) such Agreement and General Release is executed by the Executive, submitted to the Company, and the statutory period during which the Executive is entitled to revoke the Agreement and General Release under applicable law has expired on or before that 90th day; and (z) in the event that the 90 day period begins in one taxable year and ends in a second taxable year, then the payment of the Severance Amount shall be made in the second taxable year. Upon any Change of Control event, all payments owed under Section 6(c)(3) shall be paid immediately.

The term “Good Reason” shall mean: (i) a material diminution in the Executive’s authority, duties or responsibilities due to no fault of the Executive other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law; (ii) the Company no longer maintains or operates an office in the New York Metro Area; (iii) the Company requires the Executive to change his principal business office as defined in Section 3(c) to a location other than the New York Metro Area, or (iv) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating his employment with the Company for Good Reason, the Executive must provide written notice to the Company, within 30 days following the Executive’s initial awareness of the existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive’s employment shall be deemed terminated for Good Reason.

(d) Any termination made by the Company under this Agreement shall be approved by the Board.

(e) Upon (1) voluntary or involuntary termination of the Executive’s employment or (2) the Company’s request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, manuals, work product, thumb drives or other removable information storage devices, and hard drives, and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or work product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

7. Indemnification. As provided in an Indemnification Agreement previously entered into between the Company and the Executive, a copy of which is annexed as Exhibit B, the Company shall indemnify the Executive, to the maximum extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which he may be made a party by reason of him being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. The Company shall provide, at its expense, directors and officers insurance for the Executive in amounts and for a term consistent with industry standards.

8. Non-Competition Agreement.

(a) Competition with the Company. Until termination of his employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, manager, member, or otherwise, of or through any person, firm, corporation, partnership, limited liability company, association or other entity) shall not, directly or indirectly, act as an employee or officer (or comparable position) of, owning an interest in, or providing Services as defined in Section 9(a).

(b) Solicitation of Students and Professors. During the periods in which the provisions of Section 8(a) shall be in effect, the Executive, directly or indirectly, will not seek nor accept Prohibited Business from any Students or Professors (each as defined below) on behalf of himself or any enterprise or business other than the Company, refer Prohibited Business from any Student to any enterprise or business other than the Company or receive commissions based on sales or otherwise relating to the Prohibited Business from any Student, or any enterprise or business other than the Company. For purposes of this Agreement, the word "Student" means any person who enrolled as a student in Aspen University Inc. or other school owned, directed or indirectly, by the Company during the 24-month period prior to the time at which any determination is required to be made as to whether any such person is a Student. For purposes of this Agreement, the word "Professor" refers to any person engaged in the teaching of Students (without regard to actual title) at Aspen University Inc. or other school owned, directed or indirectly, by the Company during the 24-month period prior to the time at which any determination is required to be made as to whether any such person is a Professor.

(c) Solicitation of Employees. During the period in which the provisions of Section 8(a) and (b) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee of the Company to terminate his or her employment with the Company, for the purposes of providing services for a Prohibited Business, or solicit for employment or recommend to any third party the solicitation for employment of any individual who was employed by the Company or any of its subsidiaries and affiliates at any time during the one year period preceding the Executive's termination of employment.

(d) Non-disparagement. The Executive agrees that, after the end of his employment, he will refrain from making, in writing or orally, any unfavorable comments about the Company, its operations, policies, or procedures that would be likely to injure the Company's reputation or business prospects; provided, however, that nothing herein shall preclude the Executive from responding truthfully to a lawful subpoena or other compulsory legal process or from providing truthful information otherwise required by law.

(e) No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of his undertakings in this Section 8, and confirms he has received adequate consideration for such undertakings.

(f) References. References to the Company in this Section 8 shall include the Company's subsidiaries and affiliates.

9. Non-Disclosure of Confidential Information .

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Services (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Students or Professors, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Student and/or Professor lists, Student and/or Professor information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Students and/or former Students or Professors and/or former Professors. In addition, Confidential Information also includes the names of Students and Professors and the identity of and telephone numbers, e-mail addresses and other addresses of Students or Professors who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Services" shall include all services offered for sale and marketed by the Company during the Term, which as of the Effective Date consist of operating a for profit online university in compliance with all applicable regulatory requirements. Services also includes any other services which the Company has taken concrete steps to offer for sale, but has not yet commenced selling or marketing, during or prior to the Term. Services also include any services disclosed in the Company's latest Form 10-K, Form 10-Q and/or Form S-1 or S-3 (or successor form) filed with the SEC.

(b) Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets; (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key relationships with specific prospective or existing Students or Professors, vendors or suppliers; (iv) Student goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Services, methods, operations and procedures. Notwithstanding the foregoing, nothing in this Section 9(b) shall be construed to impose restrictions greater than those imposed by other provisions of this Agreement.

(c) Confidentiality. During the Term of this Agreement and following termination of employment, for any reason, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to his employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to his employment. All records, files, materials and other Confidential Information obtained by the Executive in the course of his employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company. The Executive shall not, except in connection with and as required by his performance of his duties under this Agreement, for any reason use for his own benefit or the benefit of any person or entity other than the Company or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

(d) References. References to the Company in this Section 9 shall include the Company's subsidiaries and affiliates.

(e) Whistleblowing. Nothing contained in this Agreement shall be construed to prevent the Executive from reporting any act or failure to act to the SEC or other governmental body or prevent the Executive from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

10. Equitable Relief.

(a) The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave his employment for any reason and/or take any action in violation of Section 8 and/or Section 9, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 10(b) below, to enjoin the Executive from breaching the provisions of Section 8 and/or Section 9.

(b) Any action arising from or under this Agreement must be commenced only in the appropriate state or federal court located in New York County, New York. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

11. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's vendors, Students, or Professors, including, without limitation, having a financial interest in the Company's vendors, Students, or Professors, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Students, or Professors;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

12. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company, and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company, and the Executive hereby assigns any such inventions to the Company. An invention, idea, process, program, software, or design (including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all work product and intellectual property rights, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any work product or intellectual property rights so as to be less in any respect than the Company would have had in the absence of this Agreement. If applicable, the Executive shall provide as a schedule to this Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section 12 shall include the Company, its subsidiaries and affiliates.

13. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, and if permitted by applicable law, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

14. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

15. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

16. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery to the addresses detailed below (or to such other address, as either of them, by notice to the other may designate from time to time), or by e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company: Janet Gill
Chief Financial Officer
Aspen Group, Inc.
46 East 21st Street, 3rd Floor
New York, NY 10010
Email: janet.gill@aspen.edu

With a copy to: Nason, Yeager, Gerson White & Lioce, P.A.
Attn: Michael D. Harris, Esq.
3001 PGA Blvd., Suite 305
Palm Beach Gardens, Florida 33410
Email: mharris@nasonyeager.com

To the Executive: Michael Mathews
Aspen Group, Inc.
46 East 21st Street, 3rd Floor
New York, NY 10010
Email: michael.mathews@aspen.edu

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

18. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

19. Governing Law. This Agreement shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of Delaware without regard to choice of law considerations.

20. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

21. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

22. Section 409A Compliance.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), or an exemption thereunder. This Agreement shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement to the contrary, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service (including a voluntary separation from service for good reason that is considered an involuntary separation for purposes of the separation pay exception under Treasury Regulation 1.409A-1(n)(2)) or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this

Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made if such termination of employment constitutes a “separation from service” under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

(b) Notwithstanding any other provision of this Agreement, if at the time of the Executive's termination of employment, the Executive is a "specified employee", determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A (e.g., payments and benefits that do not qualify as a short-term deferral or as a separation pay exception) that are provided to the Executive on account of the Executive’s separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the Executive's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. If the Executive dies during the six-month period, any delayed payments shall be paid to the Executive's estate in a lump sum upon the Executive's death.

(c) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(1) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(2) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(3) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

(d) In the event the Company determines that the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of the Executive’s separation from service, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive’s separation from service would be considered deferred compensation subject to Section 409A as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive’s separation from service, or (ii) the Executive’s death (the “Six Month Delay Rule”).

(1) For purposes of this subparagraph, amounts payable under the Agreement should not provide for a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (e.g., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (e.g., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of the Treasury Regulations.

(2) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(3) To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following his separation from service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

(e) The parties intend that this Agreement will be administered in accordance with Section 409A. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(f) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, such Section.

[Signature Page To Follow]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

Aspen Group, Inc.

By: ____________________________
Janet Gill,
Chief Financial Officer

Executive:

____
Michael Mathews

Exhibit A
General Release Agreement

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (the “Agreement”) is made and entered into as of ___________ ____, 20__ (the “Effective Date”), by and between Michael Mathews (the “Employee”) and Aspen Group, Inc. (the “Employer” or the “Company”).

WHEREAS, the Employee is employed as the Chief Executive Officer of the Employer;

WHEREAS, the Employee desires to resign as Chief Executive Officer of the Employer and as an employee in order to pursue other interests;

WHEREAS, the parties wish to resolve all outstanding claims and disputes between them in an amicable manner;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. The Employee hereby resigns as the Chief Executive Officer and as an employee of the Employer, and the Employer accepts the Employee’s resignation, effective as of the Effective Date.

2. In consideration for the Employee’s acknowledgments, representations, warranties, covenants, releases and agreements set forth in this Agreement, the Employer agrees to pay the Employee twelve months of his base salary, which equates to $_______, in equal payments of $________ (the “Payments”). All Payments shall be made in accordance with the Employer’s customary twice-per-month payroll practices and shall be subject to withholding for all applicable federal, state, social security and other taxes. The Employee acknowledges that he would not otherwise be entitled to the Payments but for his promises in this Agreement.

3. As further consideration, the Employer also agrees to extend any current benefits that Employee previously elected to receive during his employment with Employer for a period of twelve months.

4. During the above twelve-month period in which the Payments are made to the Employee, the Employee agrees to be available to the Employer, its officers, directors, employees, attorneys, or agents, to assist with the transition of any projects of the Employer or to provide any information that the Employee may have knowledge regarding the Employer’s business. The Employee may provide this information by telephone and/or email communication.

5. Nothing in this Agreement shall be construed as an admission of liability or wrongdoing by the Employer, its past and present affiliates, officers, directors, owners, employees, attorneys, or agents, and the Employer specifically disclaims liability to or wrongful treatment of the Employee on the part of itself, its past and present affiliates, officers, directors, owners, employees, attorneys, and agents. Additionally, nothing in this Agreement shall be

construed as an admission of liability or wrongdoing by the Employee and the Employee specifically disclaims liability to or wrongful acts directed at the Employer.

6. The Employee covenants not to sue, and fully and forever releases and discharges the Employer, its past and present affiliates, directors, officers, owners, employees and agents, as well as its successors and assigns from any and all legally waivable claims, liabilities, damages, demands, and causes of action or liabilities of any nature or kind, whether now known or unknown, arising out of or in any way connected with the Employee's employment with the Employer or the termination of that employment; provided, however, that nothing in this Agreement shall either waive any rights or claims of the Employee that arise after the Employee signs this Agreement or impair or preclude the Employee's right to take action to enforce the terms of this Agreement. This release includes but is not limited to claims arising under federal, state or local laws prohibiting employment discrimination or relating to leave from employment, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended, the Equal Pay Act and the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, claims for attorneys' fees or costs, and any and all claims in contract, tort, or premised on any other legal theory. The Employee acknowledges that the Employee has been paid in full all compensation owed to the Employee by the Employer as a result of Employee's employment, except from compensation due following the Effective Date for 90 days which shall be paid as provided in this Agreement. The Employer and its directors, officers, and employees covenant not to sue, and fully and forever release and discharge the Employee, from any and all legally waivable claims from the beginning of time until the date of this Agreement, and from liabilities, damages, demands, and causes of action, attorney's fees, costs or liabilities of any nature or kind, whether now known or unknown, arising out of or in any way connected with the Employee's employment with the Employer.

7. The Employee represents that he has not filed any complaints or charges against the Employer with the Equal Employment Opportunity Commission, or with any other federal, state or local agency or court, and covenants that he will not seek to recover on any claim released in this Agreement.

8. The Employee agrees that he will not encourage or assist any of the Employer's employees to litigate claims or file administrative charges against the Employer or its past and present affiliates, officers, directors, owners, employees and agents, unless required to provide testimony or documents pursuant to a lawful subpoena or other compulsory legal process.

9. The Employee acknowledges that he is subject to non-compete and confidentiality provisions under that certain Employment Agreement between the Employee and the Employer dated November 1, 2016, (the "Employment Agreement"). Any violation of the non-compete and confidentiality provisions in the Employment Agreement as determined by a court of competent jurisdiction shall result in the termination of the Payments. The Employee further acknowledges that all confidential information regarding the Employer's business compiled, created or obtained by, or furnished to, the Employee during the course of or in connection with his employment with the Employer including suppliers, other sources of supply and pricing, is the Employer's exclusive property. Upon or before execution of this Agreement, the Employee

will return to the Employer all originals and copies of any material containing confidential information and the Employee further agrees that he will not, directly or indirectly, use or disclose such information. The Employee will also return to the Employer upon execution of this Agreement any other items in his possession, custody or control that are the property of the Employer, including, but not limited to a laptop computer, iPad and smartphone, his files, credit cards, identification card, flash drives, passwords and office keys.

10. The Employee acknowledges that he has been given at least 21 days to consider this Agreement and that he has seven days from the date he executes this Agreement in which to revoke it and that this Agreement will not be effective or enforceable until after the seven-day revocation period ends without revocation by the Employee. Revocation can be made by delivery of a written notice of revocation to Janet Gill, Chief Financial Officer at the offices of the Employer, by midnight on or before the seventh calendar day after the Employee signs the Agreement.

11. The Employee acknowledges that he has been advised to consult with an attorney of his choice with regard to this Agreement. The Employee hereby acknowledges that he understands the significance of this Agreement, and represents that the terms of this Agreement are fully understood and voluntarily accepted by him.

12. The Employee and the Employer agree that neither he nor they, nor any of either's agents or representatives will disclose, disseminate and/or publicize, or cause or permit to be disclosed, disseminated or publicized, the existence of this Agreement, any of the terms of this Agreement, or any claims or allegations which the Employee believes he or they could have made or asserted against one another, specifically or generally, to any person, corporation, association or governmental agency or other entity except: (i) to the extent necessary to report income to appropriate taxing authorities; (ii) in response to an order of a court of competent jurisdiction or subpoena issued under the authority thereof; or (iii) in response to any inquiry or subpoena issued by a state or federal governmental agency; provided, however, that notice of receipt of such order or subpoena shall be emailed to Aspen Group, Inc. - attention Janet Gill, Janet.Gill@aspen.edu, and in the case of the Employee to Michael Mathews, michael.mathews@aspen.edu, within 24 hours of the receipt of such order or subpoena, so that both the Employee and the Employer will have the opportunity to assert what rights they have to non-disclosure prior to any response to the order, inquiry or subpoena. Either party may give email notice of a different email address.

13. The Employee and the Employer agree to refrain from disparaging or making any unfavorable comments, in writing or orally, about either party, and in the case of the Employer, about its management, its operations, policies, or procedures and in the case of the Employee, to prospective employers, those making inquiry as to the reasons for his separation from the Company or to any person, company or other business entity.

14. In the event of any lawsuit against the Employer that relates to alleged acts or omissions by the Employee during his employment with the Employer, the Employee agrees to cooperate with the Employer by voluntarily providing truthful and full information as reasonably necessary for the Employer to defend against such lawsuit. Provided, however, the Employee

shall be entitled to receive reimbursement for expenses, including lost wages, incurred in assisting the Employer regarding any lawsuit.

15. Nothing contained in this Agreement shall be construed to prevent the Employee from reporting any act or failure to act to the Securities and Exchange Commission or other governmental body or prevent the Employee from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities and Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

16. Except as provided herein, all agreements between the Employer and the Employee including but not limited to the Employment Agreement, are null and void and no longer enforceable.

17. This Agreement sets forth the entire agreement between the Employee and the Employer, and fully supersedes any and all prior agreements or understandings between them regarding its subject matter; provided, however, that nothing in this Agreement is intended to or shall be construed to modify, impair or terminate any obligation of the Employee or the Employer pursuant to provisions of the Employment Agreement that by their terms continues after the Employee's separation from the Employer's employment. This Agreement may only be modified by written agreement signed by both parties.

18. The Employer and the Employee agree that in the event any provision of this Agreement is deemed to be invalid or unenforceable by any court or administrative agency of competent jurisdiction, or in the event that any provision cannot be modified so as to be valid and enforceable, then that provision shall be deemed severed from the Agreement and the remainder of the Agreement shall remain in full force and effect.

19. This Agreement and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law provisions of the State of Delaware or of any other state.

20. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce or contest the provisions of this Agreement, the prevailing party shall be entitled to a reasonable attorney's fee, costs and expenses.

21. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, electronic or facsimile signature.

PLEASE READ CAREFULLY. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

ASPEN GROUP, INC.

By: /s/ Janet Gill
Janet Gill,
Chief Financial Officer

I have carefully read this Agreement and understand that it contains a release of known and unknown claims. I acknowledge and agree to all of the terms and conditions of this Agreement. I further acknowledge that I enter into this Agreement voluntarily with a full understanding of its terms.

/s/ Michael Mathews
Michael Mathews

Exhibit B
Indemnification Agreement

Exhibit 31.1

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 9, 2017

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

Exhibit 31.2

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 9, 2017

/s/ Janet Gill

Janet Gill
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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, 2017, 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 9, 2017

In connection with the quarterly report of Aspen Group, Inc. (the “Company”) on Form 10-Q for the quarter ended January 31, 2017, 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 9, 2017