As filed with the Securities and Exchange Commission on July 3, 2013

Registration No. 333-188277

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

FORM S-1/A
(Amendment No. 1)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ASPEN GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	8200	27-1933597
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

720 South Colorado Boulevard, Suite 1150N
Denver, CO 80246
(303) 333-4224
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Michael Mathews
720 South Colorado Boulevard, Suite 1150N
Denver, CO 80246
(303) 333-4224
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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SUMMARY FINANCIAL DATA

The following summary of our financial data should be read in conjunction with, and is qualified in its entirety by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements appearing elsewhere in this prospectus. The data for the years ended December 31, 2012 and December 31, 2011 has been taken from our audited financial statements and the data for the three months ended March 31, 2013 and March 31, 2012 has been taken from our unaudited financial statements.

Statements of Operations Data

	Three Months Ended March 31,		Year Ended December 31,	
	2013	2012	2012	2011
	(Unaudited)			
Revenue	$ 892,334	$ 546,778	$ 2,684,931	$ 2,346,238
Loss from continuing operations	$ (930,207)	$ (1,916,912)	$ (6,147,044)	$ (2,593,139)
Net loss per common share, allocable to common stockholders (basic and diluted)	$ (0.02)	$ (0.11)	$ (0.17)	$ (0.14)
Weighted average number of common shares outstanding (basic and diluted)	55,671,814	16,473,874	35,316,681	15,377,413

Balance Sheet Data

	March 31, 2013	December 31, 2012
	(Unaudited)	
Cash and cash equivalents	$ 479,344	$ 577,238
Working capital	$ (418,631)	$ 106,222
Total assets	$ 3,192,121	$ 3,497,198
Total current liabilities	$ 1,831,451	$ 1,630,426
Accumulated deficit	$ (12,285,975)	$ (11,337,104)
Total shareholders' equity	$ 490,101	$ 801,755

Violations of the CAN-SPAM Act's provisions can result in criminal and civil penalties, including statutory penalties that can be based in part upon the number of emails sent, with enhanced penalties for commercial email companies who harvest email addresses, use dictionary attack patterns to generate email addresses, and/or relay emails through a network without permission.

The CAN-SPAM Act acknowledges that the Internet offers unique opportunities for the development and growth of frictionless commerce, and the CAN-SPAM Act was passed, in part, to enhance the likelihood that wanted commercial email messages would be received.

The CAN-SPAM Act preempts, or blocks, most state restrictions specific to email, except for rules against falsity or deception in commercial email, fraud and computer crime. The scope of these exceptions, however, is not settled, and some states have adopted email regulations that, if upheld, could impose liabilities and compliance burdens in addition to those imposed by the CAN-SPAM Act.

Moreover, some foreign countries, including the countries of the European Union, have regulated the distribution of commercial email and the online collection and disclosure of personal information. Foreign governments may attempt to apply their laws extraterritorially or through treaties or other arrangements with U.S. governmental entities.
Because we use email marketing, our requirement to comply with the CAN-SPAM Act could adversely affect Aspen's marketing activities and increase its costs.

If we lose the services of key personnel, it could adversely affect our business.

Our future success depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued services of Mr. Michael Mathews, our Chief Executive Officer, who is critical to the management of our business and operations and the development of our strategic direction and would also be difficult to replace. We have a $3 million key man life insurance policy on Mr. Mathews. The loss of the services of Mr. Mathews and other key individuals and the dtot e têolicccc aoli. lot

State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations, and other operational matters. To the extent that we have obtained, or obtain in the future, additional authorizations or licensure, changes in state laws and regulations and the interpretation of those laws and regulations by the applicable regulators may limit our ability to offer education programs and award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. If we fail to comply with state licensing or authorization requirements, we may be subject to the loss of state licensure or authorization. If we fail to comply with state requirements to obtain licensure or authorization, we may be the subject of injunctive actions or penalties. Loss of licensure or authorization or the failure to obtain required licensures or authorizations could prohibit us from recruiting or enrolling students in particular states, reduce significantly our enrollments and revenues and

Because our consolidated financial statements are not unqualified, Aspen may lose its eligibility to participate in Title IV programs or be required to post a letter of credit in order to maintain eligibility to participate in Title IV programs.

To participate in Title IV programs, an eligible institution must satisfy specific measures of financial responsibility prescribed by the DOE, or post a letter of credit in favor of the DOE and possibly accept other conditions, such as additional reporting requirements or regulatory oversight, on its participation in Title IV programs. Our financial statements are qualified on our ability to continue as a going concern, which means the DOE may determine that we are not financially responsible under DOE regulations. The DOE may also apply its measures of financial responsibility to the operating company and ownership entities of an eligible institution and, if such measures are not satisfied by the operating company or ownership entities, require the institution to meet the alternative standards described under "Regulation" on page 38 of this prospectus. Any of these alternative standards would increase our costs of regulatory compliance. If we were unable to meet these alternative standards, we would lose our eligibility to participate in Title IV programs. If we fail to demonstrate financial responsibility and thus lose our eligibility to participate in Title IV programs, our students would lose access to Title IV program funds for use in our institution, which would limit our potential for growth and adversely affect our enrollment, revenues and results of operations.

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DOE regulations specify extensive criteria an institution must satisfy to establish that it has the requisite "administrative capability" to participate in Title IV programs. If an institution fails to satisfy any of these criteria or comply with any other DOE regulations, the DOE may require the repayment of Title IV funds, transfer the institution from the "advance" system of payment of Title IV funds to cash monitoring status or to the "reimbursement" system of payment, place the institution on provfyt stiNbil u tiNther DOE regulau t totArDO mti e cia moccess ttl el the "our re ofy nersth utr

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements including statements regarding liquidity, anticipated marketing spending, capital expenditures and planned financings. All statements other than statements of historical facts contained in this prospectus, 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. These forward-looking statements are subject to a number of risks, uncertainties and assumptions described in "Risk Factors" elsewhere in this prospectus. Other sections of this prospectus may include additional factors which could adversely affect our business and financial performance. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements. Except as otherwise required by applicable laws, we undertake no obligation to publicly update or revise any forward-looking statements or the risk factors described in this prospectus, whether as a result of new information, future events, changed circumstances or any other reason after the date of this prospectus.

DILUTION

Except for the shares underlying the warrants, the shares of common stock to be sold by the selling shareholders are issued and outstanding. Accordingly, there will be no dilution to our existing shareholders except to the extent warrants are exercised.

PRIVATE PLACEMENTS

From March to July 2012, we sold approximately $1.7 million of secured convertible notes, or Notes, and approximately 1.3 million warrants to purchase our common stock from which we received approximately $1.4 million in net proceeds. The Notes converted into Aspen Group's common stock at $0.3325 per share, which we refer to as the "Conversion Price". The warrants are exercisable over a five-year period and are exercisable at the Conversion Price. Additionally, 202,334 shares and 50,591 warrants were issued in connection with accumulated interest accruing as of the conversion date.

In September 2012, we sold $2,757,000 of units. The units contained 7,877,144 shares of common stock and 3,938,570 five-year warrants exercisable at $0.50 per share.

In December 2012, we sold $715,000 of units. The units contained 2,042,857 shares of common stock and 1,021,432 five-year warrants exercisable at $0.50 per share.

In February 2013, we sold $315,000 of units. The units contained 900,000 shares of common stock and 450,000 five-year warrants exercisable at $0.50 per share.

In March 2013, we sold $250,000 of units. The units contained 714,286 shares of common stock and 357,143 five-year warrants exercisable at $0.50 per share.

In April 2013, we sold $600,328 of units. The units contained 1,715,217 shares of common stock and 857,606 five-year warrants exercisable at $0.50 per share.

This prospectus covers the offer and sale of the common stock (including the shares underlying the warrants) issued in the offerings described above.

We used the proceeds from the private placements to support our growth and for general corporate purposes, including working capital.

USE OF PROCEEDS

We will not receive any proceeds upon the sale of shares by the selling shareholders. We will however receive proceeds from the exercise of the warrants. We plan on using these proceeds received from shareholders who exercise their warrants to support our growth and for general corporate purposes, including working capital.

CAPITALIZATION

As of March 31, 2013, 696 full-time degree-seeking students were enrolled under the legacy tuition pre-payment program that ended on July 15, 2011, or the Legacy Tuition Plan, a 5% decrease from 732 at December 31, 2012 and a 34% decrease from 1,051 at March 31, 2012. The 2013 Quarter change in the Legacy Tuition Plan student body represents an annualized 18% decline. Because these students represent 38% of Aspen's full-time degree-seeking students, the Legacy Tuition Plan's minimal revenue and gross profit contribution restrains the overall financial performance discussed below. During the 2013 Quarter, Legacy Tuition Plan revenue represented 8% of our full-time degree-seeking student revenue and 5% of the associated gross profit (i.e. tuition revenue less instructional costs). During the three months ended March 31, 2012, or the 2012 Quarter, Legacy Tuition Plan revenue represented 41% of our full-time degree-seeking student revenue and 35% of the associated gross profit (i.e. tuition revenue less instructional costs). [illegible]

In A[illegible]ated its relationship with CLS 123, LLC, or CLS, which referred Verizon certificate and military students, a step allowing Aspen to focus its efforts on its core business of building a predominantly graduate student body. Under the terminated partnership agreement, there is a 120-day exit period ending on August 3, 2013. For 2013, Aspen management expects the total student body growth rate to lag that of the full-time degree-seeking student population as new students referred by CLS wind down over the 120-day period. CLS results are reported as Discontinued Operations.

Our revenues and operating results normally fluctuate as a result of seasonal variations in our business, principally due to changes in class starts. Class starts have typically been the strongest in the months of January, April and September, while February, July and December months are typically being our weakest. We expect quarterly fluctuations in operating results to continue as a result of these seasonal patterns.

Results of Opera[illegible]

Non-GAAP – Financial Measure

The following discussion and analysis includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as a non-GAAP financial measure. 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 Adjusted EBITDA, a non-GAAP financial measure. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measure in planning, forecasting and analyzing future periods. Our management uses this non-GAAP financial measure in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison.

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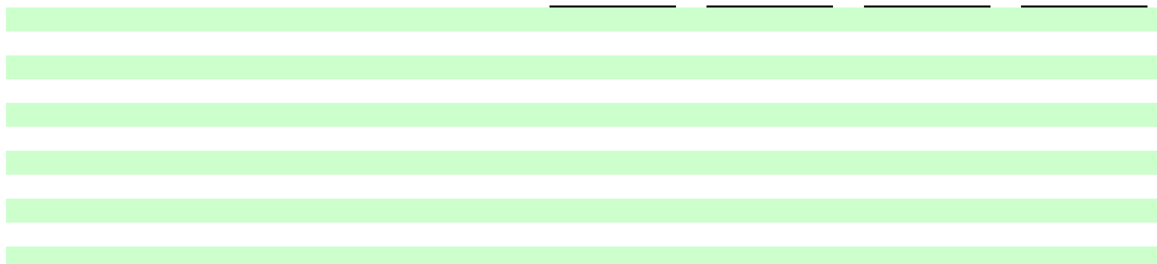
Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before preferred dividends, interest expense, income taxes, collateral valuation adjustment, bad debt expense, depreciation and amortization, and amortization of stock-based compensation. Aspen Group excludes the charges from collateral valuation adjustment, bad debt expense and stock based compensation because they are non-cash in nature. The preferred dividends were derived from Aspen. Upon the closing of the Reverse Merger in 2012, Aspen preferred stock was exchanged for Aspen Group common stock and dividends will not accrue in the future. 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. Our management recognizes that Adjusted EBITDA has inherent limitations because of the excluded items.

We have included a reconciliation of our non-GAAP financial measure to the most comparable financial measure calculated in accordance with GAAP. We believe that providing the non-GAAP financial measure, together with the reconciliation to GAAP, helps investors make comparisons betwe –A ha nsÙbmxrea:tional datnvestors makna A ha nsÙbmxle ovs manag

Our 2012 and 2011 revenues were impacted by the 2010 (and previous years) pre-payment tuition plan, or the Legacy Tuition Plan, which was discontinued on July 15, 2011. The Legacy Tuition Plan had students paying full-rate tuition for a degree program's first four courses ($675/course) and a steeply discounted tuition rate for the program's eight course balance ($112.50/course). Specifically, the Plan produced immediate cash flow, but unsustainably low gross profit margins over the length of the degree program. As of December 31, 2012, 44% of our full-time degree-seeking students are still enrolled under the Legacy Tuition Plan. However, as the table below demonstrates, the



Marketing and Promotional

Marketing and promotional costs for the year ended December 31, 2012 increased to $1,442,128 from $515,362 for the year ended December 31, 2011, an increase of 180%. The increase is primarily attributable to expenses related to the launch and operation of Aspen's new marketing and student enrollment program. With Aspen's strategy of proprietary lead generation driving higher marketing and promotional spending levels, it is highly likely that these expenditures will increase in 2013 over 2012 levels. Factors serving to mitigate the expected increase include possible economies realized in cost per lead as well as the yield realized in terms of higher enrollments per unit of marketing and promotional spending. While such economies were realized in 2012, we cannot assure you that we will realize further economies of scale in 2013.

General and Administrative

General and administrative costs for the year ended December 31, 2012 increased to $5,235,282 from $3,593,956 for the year ended December 31, 2011, an increase of 46%. The most significant factor is the higher employment level as Aspen increased staffing to suppor veor veosososososofe ed

Net Loss

Net loss allocable to common shareholders for the year ended December 31, 2012 widened to ($6,048,113) from ($2,222,899) for the year ended December 31, 2011, an increase of 172%. The increase is primarily attributable to depressed returns as Aspen transitions through the impact of the Legacy Tuition Plan, inc [illegible]

For accounts receivable from primary payors other than students, Aspen estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations, such as bankruptcy proceedings and receivable amounts outstanding for an extended period beyond contractual terms. In these cases, Aspen uses assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. Aspen may also record a general allowance as necessary.

Direct write-offs are taken in the period when Aspen has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that Aspen should abandon such efforts.

Related Party Transactions

At March 31, 2013, we included as a long term asset an account receivable of $270,478 net of an allowance of $502,315 from our former Chairman. Although it is secured by stock pledges, there is a risk that we may not collect all or any of this sum.

In March 2012, we issued a $300,000 convertible note to Mr. Michael Mathews, our Chief Executive Officer, in consideration for a $300,000 loan. The note was originally due March 31, 2013, but was amended to extend the due date to August 31, 2014. The note bears interest at 0.19% per annum and is convertible at $1.00 per share. In August 2012, we issued a $300,000 convertible note to Mr. Mathews in consideration for an additional $300,000 loan. The note was originally a demand note, but was amended to extend the due date to August 31, 2014. The note bears interest at 5% per annum and is convertible at $0.35 per share.

See [illegible]

BUSINESS

On March 13, 2012, Aspen Group and Aspen closed a Merger Agreement whereby Aspen became a wholly-owned subsidiary of Aspen Group. We refer to the merger as the "Reverse Merger." All references to "we," "our" and "us" refer to Aspen Group, unless the context otherwise indicates. In referring to academic matters, these words refer solely to Aspen University Inc.

<u>Description of Business</u>

Aspen's mission is to become an institution of choice for adult learners by offering cost-effective, comprehensive, and iv ive, e

In connection with our Bachelor and Master degrees in Psychology of Addiction and Counseling, the National Association of Alcoholism and Drug Abuse Counselors, or NAADAC, has approved Aspen as an "academic education provider." NAADAC-approved education providers offer training and education for those who are se Edu

Industry Overview

The U.S. market for postsecondary education is a large, growing market. According to a 2012 publication by the National Center for Education Statistics, or NCES, the number of postsecondary learners enrolled as of Fall 2010 in U.S. institutions that participate in Title IV programs was approximately 21 million (including both undergraduate and graduate students), up from 18.2 million in the Fall of 2007. We believe the growth in postsecondary enrollment is a result of a number of factors, including the significant and measurable personal income premium that is attributable to postsecondary education, and an increase in demand by employers for professional and skilled workers, partially offset in the near term by current economic conditions. According to the NCES, in 2010, the median earnings of young adults with a bachelor's degree was $45,000 compared to $37,000 for those with an associate's degree and $21,000 for those with a high school diploma.

Eduventures, Inc., an education consulting and research firm, estimates that 20% of all postsecondary students will be in fully-online programs by 2014, with perhaps another 20% taking courses online. The estimated increase in students online increased 18% in 2010. We believe that the higher growth in demand for fully-online education is largely attributable to the flexibility and convenience of this instructional format, as well as the growing recognition of its educational efficacy.

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Curricula

Certificates

- Certificate in Information Technology with specializations in:
- Information Systems Management
- Java Development
- Object Oriented Application Development
- Smart Home Integration
- Web Development
- Certificate in Project Management

Associates Degrees

- Associate of General Studies
- Associate of Applied Science Early Childhood Education
- Associate of Fine Arts

Bachelors Degrees

- Bachelor of General Studies
- Bachelor of Arts in Psychology and Addiction Counseling
- Bachelor of Science in Alternative Energy
- Bachelor of Science in Business Administration
- Bachelor of Science in Business Administration, (Completion Program)
- Bachelor of Science in Criminal Justice
- Bachelor of Science in Criminal Justice, (Completion Program)
- Bachelor of Science in Criminal Justice with specializations in
- Criminal Justice Administration
- Major Crime Investigation Procedure
- Major Crime Investigation Procedure, (Completion Program)
- Bachelor of Science in Early Childhood Education
- Bachelor of Science in Early Childhood Education, (Completion Program)
- Bachelor of Science in Early Childhood Education with a specialization in
- Infants and Toddlers
- Infants and Toddlers, (Completion Program)
- Preschool
- Preschool, (Completion Program)
- Bachelor of Science in Foodservice Operations and Restaurant Management
- Bachelor of Science in Medical Managements
- Bachelor of Science in Fine Arts with a specialization in
- Drawing and Painting
- Entertainment 2D
- Entertainment 3D
- Illustration
- Bachelor of Science in Nursing – Completion Program

Masters

- Master of Arts in Psychology and Addiction Counseling Information ManageAf Â ah acherof iencsin Information Mana ion Progtion in
- Master of Science in Criminal Justice
- Master of Science in Criminal Justice with a specialization in
  - Forensic Sciences
  - Law Enforcement Management
  - Terrorism and Homeland Security
- Master of Science in Information Management with a specialization in
  - Management Information ManageAf Â a specialization in

- Administration and Management, (RN to MSN Bridge Program)
- Nursing Education
- Nursing Education, (RN to MSN Bridge Program)

Master of Science in Physical Education and Sports Management

Master of Science in Technology and Innovation with a specialization in
- Business Intelligence and Data Management
- Electronic Security
- Project Management
- Systems Design
- Technical Languages
- Vendor and Change Control Management

Master in Business Administration

Master in Business Administration with specializations in
- Entrepreneurship
- Finance
- Information Management
- Pharmaceutical Marketing and Management
- Project Management

Master in Education
- Curriculum Development and Outcomes Assessment
- Education Technology
- Transformational Leadership

Doctorates

Doctorate of Science in Computer Sciena

In October 2011, Aspen began to advertise directly on publisher websites, reaching prospective students who would benefit from the programs we offer within nursing and business programs. When working directly with publisher websites, Aspen employs a number of sophisticated targeting techniques to most efficiently generate branded, proprietary student leads. In fact, the majority of our advertising spend and leads we generate today is through this direct publisher channel, rather than search.

A ispt ea cs ima rke ti ng ola mn fo r 2 01 3 ,6 0 co ns ist se nt wo it th e n ch da ng e s fe ma dd e in 2012 and 2011. In January 2012, Aspen hired an Executive Vice President of Marketing, who supervises a new call center in the Phoenix-metro area which opened in August 2012. This executive has prior experience in marketing with multiple online university competitors and, more recently, an online lead generation company. Since opening, the sa li ls cde ni te gr h sa es pe rx op ga rn ad med to meet the increasing number of inquiries.

This change in marketing coincided with our new tuition plan which we launched effective July 15, 2011. Our new plan features increased tuition rates on a per course basis; i.e. $333/credit hour for master or doctorate program.

From 2005 through July 2011 Aspen initiated a number of pre-payment/low per course tuition plans. Together we refer to these plans as the Legacy Tuition Plan. The last Legacy Tuition Plan that ran from June 2010 through July 2011 charged students tuition of only $3,600 for the entire 12-course Master or Doctorate program (i 11 cstui d , July 15, 2015 m (ctct d Juon ofardy $3,600 t o 1 bere for ire 12on l e i. $333/credweberanym1 cr ofobusry nt/

Regulation of Federal Student Financial Aid Programs

The substantial amount of federal funds disbursed through Title IV programs, the large number of students and institutions participating in these programs, and allegations of fraud and abuse by certain for-profit institutions have prompted the DOE to exercise considerable regulatory oversight over for-profit institutions of higher learning. Accrediting agencies and state education agencies also have responsibilities for overseeing compliance of institutions in connection with Title IV program requirements. As a result, our institution is subject to extensive oversight and review. Because the DOE periodically revises its regulations and changes its interpretations of existing laws and regulations, we cannot predict with certainty how the Title IV program requirements will be applied in all circumstances. See the "Risk Factors" contained herein which disclose comprehensive regulatory risks.

In addition to the state authorization requirements and other regulatory requirements described herein, other significant factors relating to Title IV programs that could adversely affect us include the following legislative action and regulatory changes:

Congress reauthorizes the Higher Education Act approximately every five to eight years. Congress most recently reauthorized the Higher Education Act in August 2008. We cannot predict with certainty whether or when Congress might act to amend further the Higher Education Act. The elimination of additional Title IV programs, material changes in the requirements for participation in such programs, or the substitution of materially different programs could increase our costs of compliance and could reduce the ability of certain students to finance their education at our institution.

On December 23, 2011, President Obama signed into law the Consolidated Appropriations Act of 2012, or the Act. The law includes a number of provisions that significantly affect the Title IV programs. For example, it reduces the income threshold at which students are assigned "an automatic zero expected family contribution" for purposes of awarding financial aid for the 2012-2013 award year. Under the Act, students who do not have a high school diploma or a recognized equivalent (e.g., GED) or do not meet an applicable home school requirement and who first enroll in a program of study on or after July 1, 2012 will not be eligible to receive Title IV aid. The Act also makes certain changes to the Pell Grant Program and temporarily eliminates the interest subsidy that is provided for Direct Subsidized Loans during the six-month grace period immediately following termination of enrollment.

Over the last several years, Congressional committees have held hearings related to for-profit postsecondary education institutions. Additionally, the chairmen of the House and Senate education committees, along with other members of Congress, asked the GAO, to review various aspects of the for-profit education sector, including recruitment practices, educational quality, student outcomes, the sufficiency of integrity safeguards against waste, fraud and abuse in Title IV programs, and the degree to which for-profit schools' revenue is comprised of Title IV and other federal funding sources. In 2010, the GAO released a report based on a three-month undercover investigation of recruiting practices at for-profit schools. The report concluded that employees at a non-random sample of 15 for-profit schools (which did not include Aspen) made deceptive statements to students about accreditation, graduation rates, job placement, program costs, or financial aid. On October 31, 2011, the GAO released a second report following an additional undercover investigation related to enrollment, cost, financial aid, course structure, substandard student performance, withdrawal, and exit counseling. The report concluded that while some of the 15 unidentified for-profit schools investigated appeared to follow existing policies, others did not. Although the report identified a number of deficiencies in specific instances, it made no recommendations. On December 7, 2011, the GAO released a report that attempted to comp ed reda ha GÂO mp ed ree epÐfic r h what wo op

<u>Title IV Return of Funds</u>. Under the DOE's return of funds regulations, when a student withdraws, an institution must return unearned funds to the DOE in a timely manner. An institution must first determine the amount of Title IV program funds that a student "earned." If the student withdraws during the first 60% of any period of enrollment or payment period, the amount of Title IV program funds that the student earned is equal to a pro rata portion of the funds for which the student would otherwise be eligible. If the student withdraws after the 60% threshold, then the student has earned 100% of the Title IV program funds. The institution must return to the appropriate Title IV programs, in a specified order, the lesser of (i) the unearned Title IV program funds and (ii) the institutional charges incurred by the student for the period multiplied by the percentage of unearned Title IV program funds. An institution must return the funds no later than 45 days after the date of the institution's determination that a student withdrew. If such payments are not timely made, an institution may be subject to adverse action, including being required to submit a letter of credit equal to 25% of the refunds the institution should have made in its most recently completed year. Under DOE regulations, late returns of Title IV program funds for 5% or more of students sampled in the institution's annual compliance audit constitutes material non-compliance. Aspen's academic calendar structure is a non-standard term with rolling start dates with defined length of term (16 week term).

<u>The "90/10 Rule</u>." A requirement of the Higher Education Act commonly referred to as the "90/10 Rule," applies only to "proprietary institutionêstitutions commonly refer V opfuc6

Incentive Compensation Rules. As a part of an institution's program participation agreement with the DOE and in accordance with the Higher Education Act, an institution may not provide any commission, bonus or other incentive payment to any person or entity engaged in any student recruitment, admissions or financial aid awarding activity based directly or indirectly on success in securing enrollments or financial aid. Failure to comply with the incentive payment rule could result in termination of participation in Title IV programs, limitation on participation in Title IV programs, or financial penalties. Aspen believes it is in compliance with the incentive payment rule.

In recent years, other postsecondary educational institutions have been named as defendants to whistleblower lawsuits, known as "qui tam" cases, brought by current or former employees pursuant to the Federal Fa eceHawmi p1t, anlm rng eAeti the beinstitutionss pomplnsation

Compliance Reviews. We are subject to announced and unannounced compliance reviews and audits by various external agencies, including the DOE, its Office of Inspector Gen

Change in Ownership Resulting in a Change of Control. In addition to school acquisitions, other types of transactions can also cause a change of control. The DOE, most state education agencies, and DETC all have standards pertaining to the change of control of schools, but those standards are not uniform. DOE regulations describe some transactions that constitute a change of control, including the transfer of a controlling interest in the voting stock of an institution or the institution's parent corporation. DOE regulations provide that a change of control of a publicly-traded corporation occurs in onrol, minstit

A change of control also could occur as a result of future transactions in which Aspen is involved. Some corporate reorganizations and some changes in the Board are examples of such transactions. Moreover, the potential adverse effects of a change of control could influence future dx a chan

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Director Independence

We currently have seven directors serving on our Board. We are not a listed issuer and, as such, are not subject to any director independence standards. Using the definition of independence set forth in the rules of the NYSE MKT, all of our directors except Mr. Mathews are independent.

Board Committees and Charters

The members of the Audit Committee are Sanford Rich, Chairman, David Pasi and C. James Jensen. Our Board has determined that each of the members are independent in accordance with the independence standards for audit committees under the NYSE MKT listing rules. The Board has also determined that Mr. Rich is an "Audit Committee Financial Expert." The Audit Committee has a written charter approved by the Board.

The members of the Compensation Committee are Mr. Jensen, Chairman, Paul Schneier and John Scheibelhoffer, MD.

Our Board is expected to appoint a Nominating Committee, and to adopt charters relative to the Compensation Committee and the Nominating Committee, in the future. We intend to appoint such persons to the Nominating Committee of the Board as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek listing on a national securities exchange, and we are under no obligation to do so.

Code of Ethics

Our Board has adopted a Code of Ethics that applies to all of our employees, including our Chief Executive Officer and Chief Financial Officer. Although not required, the Code of Ethics also applies to our directors. The Code of Ethics provides written standards that we believe are reasonably designed to deter wrongdoing and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, full, fair, accurate, timely and understandable disclosure and compliance with laws, rules and regulations, including insider trading, corporate opportunities and whistle-blowing or the prompt reporting of illegal or unethical behavior. We will provide a copy, without charge, to anyone that requests one in writing to Aspen Group, Inc. 224 West 30th Street, Suite 604, New York, New York 10001, Attention: Corporate Secretary.

Shareholder Communications

Although we do not have a formal policy regarding communications with the Board, shareholders may communicate with the Board by writing to [illegible] Aspen Group, Inc., 224 West 30th Street, Suite 604, New York, New York 10001, Attention: Corporate Secretary [illegible] Board may so [illegible]
Shareholders who would like their submission directed to a member of the Board may so specify, and the communication will be forwarded,

Risk Assessment Regarding Compensation Policies and Practices as they Relate to Risk Management

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Named Executive Officer Employment Agreements

The following describes the Named Executive Employment Agreements as of December 31, 2012 which have been amended as described below.

Michael Mathews. Effective on July 5, 2011, Aspen entered into a four-year Employment Agreement with Michael Mathews to serve as its Chief Executive Officer. The Employment Agreement provides that Mr. Mathews will receive a base salary of $250,000 per year, which will be increased by at least 10% annually. In addition to a base salary, Mr. Mathews was eligible to receive an annual performance bonus based upon the achievement of pre-established performance milestones of which at least half would be paid in cash and the remaining in common stock. If performance milestones were met, Mr. Mathews' bonus would have been 100% of his base salary for manc m d on

The Plan and our standard Stock Option Agreement provide for "clawback" provisions, which enable our Board to cancel options and recover past profits if the person is dismissed for cause or commits certain acts which harm us.

Equity Compensation Plan Information

The following chart reflects the number of securities granted and the weighted average exercise price for our compensation plans as of December 31, 2012.

Name Of Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) (1)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
Equity compensation plans not approved by security holders			
2012 Equity Incentive Plan (1)	5,600,000	$0.35	0
Non-Plan Options (2)	1,291,167	$0.35	N/A
Total	6,891,167		

(1) Represents options issued under the Plan. Includes 5,176,800 options granted to directors and executive officers.
(2) Represents options issued outside of the Plan. All of these options were granted to directors and executive officers. In January 2013, the non-plan options were converted into Plan options.

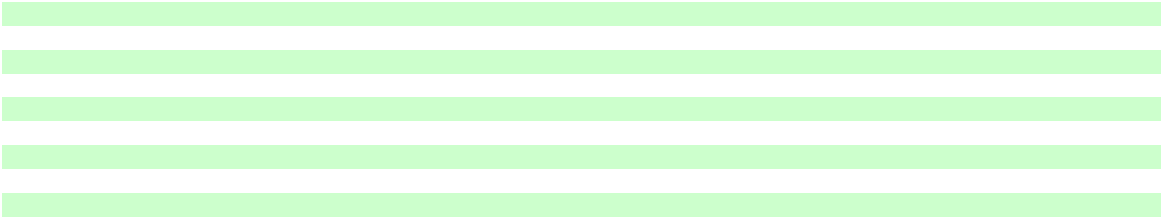
Director Compensation

We do not pay cash compensation to our directors for service on our Board and our employees do not receive compensation for serving as members of our Board. Directors are reimbursed for reasonable expenses incur

(13) At inception, Aspen issued all of its 10 million shares of authorized common stock to HEMG. In order to raise money over a five-year period, Aspen sold shares and HEMG relinquished and returned to Aspen's treasury the number of shares Aspen sold. Due to some clerical errors, 120,500 shares owned by HEMG were not cancelled by Mr. Spada's personal assistant. Due to this pattern, Aspen does not believe that it sold shares improperly. In support of this, HEMG agreed not to sell 120,500 shares pending resolutions in connection with the April Agreement (described on page 65). Therefore, Aspen Group does not believe that it has any exposure to liability in these manners. Aspen Group is relying on its transfer records for information concerning HEMG's beneficial ownership.

(14)

Edward G. Cullen	476,899	392,021	84,878	*
Joe S. Maiz	98,002	98,002	0	0
Sterne Agee & Leach Inc. C/F Gary A. Washauer IRA	98,002	98,002	0	0
Bruno J. Casatelli	39,202	39,202	0	0
Benjamin Hasty	156,808	156,808	0	0
Allan D. Carlson	39,202	39,202	0	0
Sterne Agee & Leach Inc. C/F Robert P. Vilker IRA	98,002	98,002	0	0
Sterne Agee & Leach Inc. C/F John L. Sommer IRA	303,151	303,151	0	0
Lisa Askenase Konsker	196,009	196,009	0	0
L. Dean Fox	97,457	97,457	0	0
William R. Coole	97,457	97,457	0	0
Thomas G. Hoffman	97,457	97,457	0	0
Fredric Tordella	194,912	194,912	0	0
George M. Zelinski	97,457	97,457	0	0
David and Haya Perlmutter JTWROS	97,457	97,457	0	0
Jan Cees Marijt	38,981	38,981	0	0
Michael Engdall & Susan Engdall JTWROS	155,931	155,931	0	0
Suleiman Al Hedaithy	116,759	116,759	0	0
Sterne Agee & Leach C/F Sean Brennan Rollover IRA	124,744	124,744	0	0
Billy W. Harris	97,457	97,457	0	0
Michael B. Carroll and Sheila J. Carroll JTWROS	292,371	292,371	0	0
Ronald R. Brooks and Lavonne N. Brooks JTWROS	97,457	97,457	0	0
Andrew Charles Good and Fiona McPhee JTWROS	77,713	77,713	0	0
Spencer & Kelly Kimball JTWROS	97,141	97,141	0	0
Ulrich Kuhn	97,141	97,141	0	0
Per Arvid Schoyen	194,288	194,288	0	0
Cary V. Sorensen	155,428	155,428	0	0
Mark Tonkin	50,514	50,514	0	0
Hubert Wieser	116,571	116,571	0	0
Scott L. Byer	77,713	77,713	0	0
Phillip Todd Herndon	388,573	388,573	0	0
Richa Datta & Sanjoy Kumar Datta JTWROS	97,141	97,141	0	0
Daniel E. Larson	46,428	46,428	0	0
Sara Kuchrawy Living Trust	387,217	387,217	0	0
Triage Capital Management L.P.	396,614	396,614	0	0
Greenstone Investments LLC	198,254	198,254	0	0
David Hickok	292,371	292,371	0	0
Timothy J. Rosio	107,144	107,144	0	0
Timothy Allen	450,000	450,000	0	0
Charles J. Miller III	214,286	214,286	0	0
William J. Lipkin	214,286	214,286	0	0
Linda Baboulis	214,286	214,286	0	0
Edward L. Rucinski	225,000	225,000	0	0
Thomas Story	75,000	75,000	0	0
Charles K. Gleason	577,052	257,144	319,908	*
Galt Asset Management, LLC (10)	900,000	900,000	0	0
Eugene M. Mannheimer	75,000	75,000	0	0
Elaine McGrath	21,429	21,429	0	0
David Garrity (11)	675,609	75,000	600,609	*
Carl W. Pittman (12)	150,000	150,000	0	0
Mary Rose Pasi (13)	52,857	42,857	10,000	*
Russell D'Anton (13)	136,357	42,857	93,500	*
Alvin Fund LLC (14)	1,050,000	1,050,000	0	0
Gregg A. Kattine	300,000	300,000	0	0
Powers Private Equity LLC (15)	1,071,429	1,071,429	0	0
Adam Biedrzycki	300,000	300,000	0	0
Andrew Bellamy	150,000	150,000	0	0
Anthony D'Amato	42,856	42,856	0	0
David Cantwell	107,013	107,013	0	0
Island Capital Nominees Ltd. (16)	600,000	600,000	0	0



RELATED PERSON TRANSACTIONS

During 2010-2011, Aspen entered into numerous transactions with its then Chairman, Mr. Patrick Spada, and HEMG, a corporation he controlled. These transactions also occurred prior to 2010. In connection with the audit of Aspen's financial statements for 2010-2011, Aspen discovered in November 2011 that HEMG had borrowed $2,195,084 from it from 2005 to 2010 without Board authority. In connection with this loan, three of Aspen's directors pledged 2,209,960 shares of common stock to secure payment of this loan receivable. The directors are Mr. Michael Mathews, our Chairman and Chief Executive Officer, and Drs. Michael D'Anton and John Scheibelhoffer. On August 16, 2012, following a series of discussions with the Staff of the SEC, Aspen Group determined that they should have expensed these amounts rather than report them as a secured receivable. In connection with this consolidated financial statement restatement, the disinterested directors concluded that it would be fundamentally unfair to retain the pledged shares due because the directors in pledging shares understood that the only risk they were taking involved either an unsuccessful suit to collect the receivable or the inability to collect any judgment. Accordingly, the Board concluded that the Pledge Agreement was null and void and directed that the shares be returned to each of the three directors. The three interested directors abstained on the matter.

Previously on September 16, 2011, Aspen, HEMG, and Mr. Spada entered into a series of agreements. In essence, Mr. Spada gave up substantial control he retained including the power to determine when, if ever, Aspen would go public; in exchange he received substantial benefits from Aspen which are described below.

In 2008, HEMG purchased video courses and program rights from Aspen for $1,055,000. The balance due Aspen on September 16, 2011 was $772,793. Under one agreement, HEMG pledged 772,793 shares of Series C Preferred Stock, or Series C, which converted to 654,850 shares of Aspen Group's common stock upon the closing of the Reverse Merger to secure payment of this $772,793. Due to the approximate 0.847 conversion ratio of the Series C into common stock, the shares of Series C pledged by HEMG were not enough to fully secure the $772,793. In order to avoid a portion of this loan from being partially written-off, on March 8, 2012, Mr. Mathews pledged an additional 117,943 shares as collateral for the repayment of the this obligation. Aspen's Board never authorized entry into the 2008 agreements. As a result, Aspen's Board accelerated the due date and declared it immediately due and payable. In connection with the April Agreement (described on page 65), Aspen agreed to extend the due date to September 30, 2014 and waived any default which had previously arisen.

On September 16, 2011, Aspen exchanged general releases with Mr. Spada/HEMG, and Mr. Spada entered into a modified non-compete agreement where he was permitted to compete with Aspen except with respect to three corporate customers for whom Aspen has an existing commercial relationship with. He also agreed to a two-year confidentiality provision and agreed not to solicit employees for nine months after expiration of the Consulting Agreement. Finally, Aspen entered into an Indemnification Agreement with HEMG on September 16, 2011 agreeing to indemnify it from liability for its actions to the fullest extent permitted by law. The Indemnification Agreement is similar to the form we provide to our directors and executive officers which is a standard form of corporate indemnification agreement. Aspen's Second Amended and Restated Certificate of Incorporation contains a provision which precludes indemnification of expenses from any litigation between Aspen and any officer or director.

Upon discovering the unauthorized borrowings described above, Aspen gave notice of termination of the Consulting Agreement. The undisclosed loan from Dr. Michael D'Anton described below would have also served as cause to terminate the Consulting Agreement.

Additionally, in connection with the HEMG Agreement, Aspen repaid a loan owed to Mr. Steve Karl, a former employee of Aspen, by Mr. Spada of approximately $16,000. Aspen also agreed to pay Mr. Karl severance of $75,000 (six months base pay). Additionally, Aspen agreed to pay Mr. Karl's wife and previously the bookkeeper of Aspen $32,500 (six months base pay) and paid a former bookkeeping consultant $6,000. When Aspen gave notice of termination of the Consulting Agreement to Mr. Spada, it also gave notice to the Karls that it was terminating its severance obligations (approximately $71,000), given the fact that these employees were responsible for keeping Aspen's books and records during the timeframes of the unauthorized Spada borrowings. The Karls responded that they do not agree with Aspen terminating their severance payments. They have not filed suit against Aspen.

The 4,425,522 shares of Aspen Group's common stock which HEMG holds that are not pledged to Aspen are subject to a Lock-Up/Leak-Out Agreement which provides that (until March 13, 2014) HEMG and Spada, collectively, are, in any given week, allowed to sell, transfer or otherwise dispose of up to 5% of the total trading volume for Aspen Group's common stock for the prior 10 trading days not including any days in the week of sale. The current directors of Aspen Group also signed 6a Lock-Up/Leak Aspen e it s 's cdo n Aspe Nalso signed 6a Lock-Up/ a tq at directors oKa

Although Mr. Spada is believed to have devoted his full-time services to Aspen, there is no evidence he ever received any salary. For 2010 and 2011, Aspen paid $655,191 of personal expenses on behalf of Mr. Spada. Aspen issued to Mr. Spada and HEMG two 1099s in relation to 2011 for $119,800 and $320,935, respectively. No 1099s were issued to HEMG or Mr. Spada prior to 2011, and the difference was added to the loan receivable. In 2012, Aspen Group issued Mr. Spada an amended 1099 for 2011 which included the full amount of the borrowed funds.

On September 16, 2011, Mr. Spada sold 3,769,150 shares of Series C (equivalent to 3,193,906 shares of common stock of Aspen Group) for $1,000,000 or approximately $0.265 per share (or the equivalent of $0.313 per share of Aspen Group's common stock). Mr. Mathews was one of the purchasers; other purchasers included Mr. David Garrity, Aspen's then Chief Financial Officer, and Michael D'Anton, MD, Mr. C. James Jensen and John Scheibelhoffer MD who are directors. On September 21, 2011, Aspen lent $238,210 to Mr. Mathews to allow him to acquire Series C from HEMG. The loan was for a nine month period with 3% per annum interest and was guaranteed ses F e

DESCRIPTION OF SECURITIES

We are authorized to issue 120,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share. As of the date of this prospectus, 58,573,223 shares of common stock and 0 shares of preferred stock are outstanding.

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of shareholders, including the election of directors. There is no cumulative voting in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the board of directors out of funds legally available for payment of dividends subject to the prior rights of holders of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and have no right to convert their common stock into any other securities.

Preferred Stock

We are authorized to issue 10,000,000 shares of $0.001 par value preferred stock in one or more series with such designations, voting powers, if any, preferences and relative, participating, optional or other special rights, and such qualifications, limitations and restrictions, as are determined by resolution of our board of directors. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by shareholders and could adversely affect the rights and powers, including voting rights, of the holders of common stock. In certain circumstances, the issuance of preferred stock could depress the market price of the common stock.

The following discussion of our common stock is qualified in its entirety by our Certificate of Incorporation, our Bylaws and by the full text of the agreements pursuant to which the securities were issued. We urge you to review these documents, copies of which have been filed with the SEC, as well as the applicable statutes of the State of Delaware for a more complete description of the rights and liabilities of holders of our securities.

Our charter documents include provisions that may have the effect of discouraging, delaying or preventing a change in control or an unsolicited acquisition proposal that a shareholder might consider favorable, including a proposal that might result in the payment of a premium over the market price for the shares held by our shareholders. Certain of these provisions are summarized in the following paragraphs.

Effects of authorized but unissued common stock and blank check preferred stock. One of the effects of the existence of authorized but unissued common stock and undesignated preferred stock may be to enable our to make more difficult or to discourage an attempt to obtain control of usell by means of a merger, tender offer, proxy contest or otherwise, and thereby to protect the continuity of management. If, in the due exercise of its fiduciary obligations, our Board were to determine that a takeover proposal was not in our best interest, such shares could be issued by our Board without shareholder approval in one or more transactions that might prevent or render more difficult or costly the completion of the takeover transaction by diluting the voting or other rights of the proposed acquirer or insurgent shareholder group, by putting a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent Board, by effecting an acquisition that might complicate or preclude the takeover, or otherwise.

In addition, our Certificate of Incorporation grants our Board broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance also may adversely affect the rights and powers, including voting rights, of those holders and may have the effect of delaying, deterring or preventing a change in control of usell.

Cumulative Voting. Our Certificate of Incorporation does not provide for cumulative voting in the election of directors which would allow holders of less than a majority of the stock to elect some directors.

Vacancies. Our bylaws provide that vacancies on the Board may be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum.

Special Meeting of Shareholders. A special meeting of shareholders may only be called by the Board.

Anti-takeover Effects of Delaware Law

We are subject to the "business combination" provisions of Section 203 of the Delaware General Corporation Law. In general, such provisions prohibit a publicly-held Delaware corporation from engaging in various "business combination" transactions such as a merger with any interested shareholder which includes, a shareholder owning 15% of a corporation's outstanding voting securities, for a period of three years after the date in which the person became an interested shareholder, unless:

- The transaction is approved by the corporation's Board prior to the date the shareholder became an interested shareholder;
- Upon closing of the transaction which resulted in the shareholder becoming an interested shareholder, the shareholder owned at least 85% of the shares of stock entitled to vote generally in the election of directors of the corporation outstanding excluding those shares owned by persons who are both directors and officers and specified types of employee stock plans; or
- On or after such date, the business combination is approved by the Board and at least 66 2/3% of outstanding voting stock not owned by the interested shareholder.

A Delaware corporation may opt out of Section 203 with either an express provision in its original Certificate of Incorporation or an amendment to its Certificate of Incorporation or Bylaws approved by its shareholders. We have not opted out of this Statute. This Statute could prohibit, discourage or delay mergers or other takeover attempts to acquire us.

Aspen Group, Inc. and Subsidiaries
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ASPEN GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

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

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012
[illegible]		
Net [illegible]	$ (948,871)	$ (1,789,766)
Less income (loss) from discontinued operations	(18,664)	127,146
Loss from continuing operations	(930,207)	(1,916,912)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	22,000	32,955
Gain on disposal of property and equipment	-	[illegible]
Depreciation and amortization	120,357	[illegible]
[illegible]	[illegible]	66,104
Changes in operating assets and liabilities, net of effects of acquisition:		
[illegible]	(140,344)	[illegible]
Prepaid expenses	34,950	[illegible]
Other curre[illegible]		

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 [illegible] 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 sep[illegible]ory 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 [illegible] 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 [illegible]

Note 4.

Prope on

Call center	k	
Computer and office		
Furniture and fixtures		
Library (online)	10	100,000
Software	i ii	

On February 29, 2012 (the "Effective Date"), the Company retained the investment bank of Laidlaw & Company (UK) Ltd. ("Laidlaw") on an exclusive basis for the purpose of raising up to $6,000,000 (plus up to an additional $1,200,000 million to cover over-allotments at the option of Laidlaw) through two successive best-efforts private placements of the Company's securities following the reverse merger. Each Unit in the Phase One financing consisted of: (i) senior secured convertible notes (the "Convertible Notes"), bearing 10% interest, convertible into the Company's common shares at the lower of (a) $1.00 or (b) 95% of the per share purchase price of any shares of common stock (or common stock equivalents) issued on or after the original issue date of the note and (ii) five-year warrant to purchase that number of the Company's common shares equal to 25% of the number of shares issuable upon conversion of the Convertible Notes. As of June 30, 2012, the Company, without the assistance of any broker-dealer, raised $150,000 from the sale of 3.0 Units. Laidlaw raised $1,289,527 (net of debt issuance costs of $266,473) from the sale of 31.12 Units (including Convertible Notes payable and an estimated 389,000 warrants). Mandatory conversion was to occur on the initial closing of the Phase Two financing, which occurred September 28, 2012. The Convertible Notes (as extended) had a maturity date of September 30, 2012, carried provisions for price protection and contained registration rights. For the Phase One financing, Laidlaw received a cash fee of 10% of aggregate funds raised along with a five-year warrant (the "Laidlaw Warrant") equal to 10% of the common stock reserved for issuance in connection with the Units. Separately, Laidlaw required an activation fee of $25,000. The Phase Two financing consisted of units offered at $0.35 per unit (consisting of one common share and one-half of a warrant exercisable at $0.50 per share. The Convertible Notes embedded conversion options did not qualify as derivatives since the conversion shares were not readily convertible to cash due to an inactive t -' m ights. 4a rtibl têrsÊadccurg

Legal Matters

On February 11, 2013, HEMG and Mr. Spada sued us, certain senior management members and our directors in state court in New York seeking damages arising from losses and other matters incurred in the operation of the Company's business since May 2011, our filings with the SEC and the DOE where we stated that HEMG and Mr. Spada borrowed $2.2 million without board authority and our failure to use our best efforts to purchase certain shares of common stock from HEMG following an April 2012 agreement. In response to a motion to dismiss filed by the defendants, the plaintiffs recently filed an amended complaint. While we have been advised by our counsel that the lawsuit is baseless, we cannot assure you that we will be successful. Defending the litigation will be expensive and divert our management from the Company's business. If we are unsuccessful, the damages we pay may be material, although some of the claims are derivative in which relief is sought on behalf of the Company against the individual defendants.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of March 31, 2013, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Regulatory Matters

The Company's subsidiary, Aspen University Inc. ("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 promulsÊ d thereunder by the DOE subject Aspen University to sisÊificant 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. During 2011, Aspen University's provisional certification was scheduled to expire, but Aspen University timely filed its application for recertification with the DOE, which extended the term of Aspen University's certification to September 30, 2013. The provisional certification restrictions continue with regard to Aspen University's participation in Title IV programs.

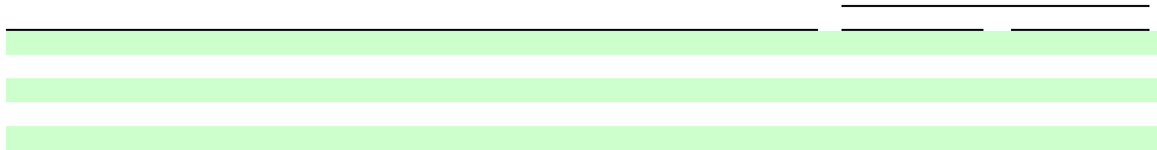
To participate in the Title IV programs, an institution must be authorized to offer its programs of instruction by the relevant agencies of the State in which it is loc d, and since July 2011, potentially in the States where an institution offers postsecondary education through distance education. In addition, an institution must be accredited by an accrediting agency recosÊized 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 demonstr d compliance with the HEA and the DOE's extensive academic, administr ve, and financial regulations regarding institutional eligibility and certification. An institution must also demonstr 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 2012 represented approximately 18% of the Company's cash 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.

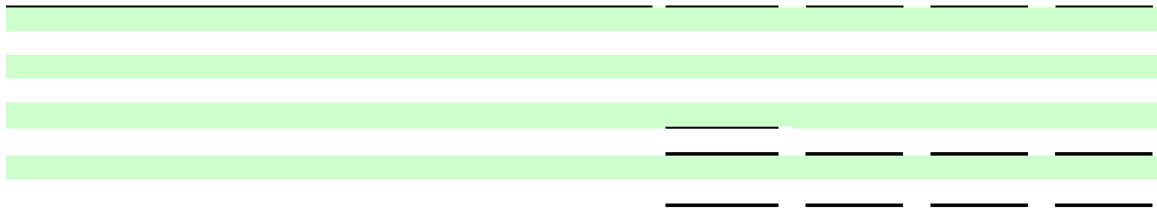
On March 27, 2012 and on August 31, 2012, Aspen University provided the DOE with letters of credit for which the due d was extended to December 31, 2013. The DOE may impose additional or different terms and conditions in any final provisional program participation agreement that it may issue (See Note 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 s sfactory outcomes and that the institution is complying with accrediting standards. Failure to demonstr 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 b u tsdituit chatogries to reherpentuscipathe l the ddeatesdardn iutcopetin claimatory requitrtiy oin orherianr uit oncpA spieaccredioin Becarah

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 [illegible] appropriate for estimating the fair value of stock options granted to employees and directors [illegible] requirements [illegible]. 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





Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of:
Aspen Group, Inc.

We have audited the accompanying consolidated balance sheets of Aspen Group, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in stockholders' equity (deficiency) and cash flows for each of the two years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 577,238	$ 766,602
Restricted cash	264,992	-
Accounts receivable, net of allowance of $35,535 and $47,595, respectively	239,671	215,099
Accounts receivable, secured - related party	-	772,793
Note receivable from officer, secured - related party	-	150,000
Prepaid expenses	192,533	103,268
Net assets from discontinued operations (Note 1)	393,214	632,135
Other current assets	69,000	210
Total current assets	1,736,648	2,640,107
Property and equipment:		
Call center equipment	121,313	121,313
Computer and office equipment	45,718	38,577
Furniture and fixtures	11,336	-
Library (online)	100,000	100,000
Software	1,388,824	927,455
Vehicle	-	39,736
	1,667,191	1,227,081
Less accumulated depreciation and amortization	(455,871)	(229,972)
Total property and equipment, net	1,211,320	997,109
Courseware, net	253,571	369,831
Accounts receivable, secured - related party, net of allowance of $502,315 and $0, respectively	270,478	-
Other assets	25,181	6,559
Total assets	$ 3,497,198	$ 4,013,606

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

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

	December 31,	
	2012	2011
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable	$ 215,796	$ 414,147
Accrued expenses	75,912	128,303
Deferred revenue	1,036,540	835,694
Notes payable, current portion	-	6,383
Loan payable to stockholder	491	-
Deferred rent, current portion	6,257	4,291
Net liabilities from discontinued operations (Note 1)	226,430	719,107
Other current liabilities	69,000	-
Total current liabilities	1,630,426	2,107,925
Line of credit	250,000	233,215
Loans payable (includes $50,000 to related parties)	-	200,000
Convertible notes payable (includes $650,000 to related parties)	800,000	-
Notes payable	-	8,768
Deferred rent	15,017	21,274
Total liabilities	2,695,443	2,571,182
Commitments and contingencies - See Note 10		
Temporary equity:		
Series A preferred stock, $0.001 par value; 850,500 shares designated, none and 850,395 shares issued and outstanding, respectively	-	809,900
Series D preferred stock, $0.001 par value; 3,700,000 shares designated, none and 1,176,750 shares issued and outstanding, respectively (liquidation value of $1,176,750)	-	1,109,268
Series E preferred stock, $0.001 par value; 2,000,000 shares designated, none and 1,700,000 shares issued and outstanding, respectively (liquidation value of $1,700,000)	-	1,550,817
Total temporary equity	-	3,469,985
Stockholders' equity (deficiency):		
Preferred stock, $0.001 par value; 10,000,000 shares authorized		
Series C preferred stock, $0.001 par value: 11,411,400 shares designated, none and 11,307,450 shares issued and outstanding, respectively (liquidation value of $11,307)	-	11,307
Series B preferred stock, $0.001 par value; 368,421 shares designated, none and 368,411 shares issued and outstanding, respectively	-	368
Common stock, $0.001 par value: 120,000,000 shares authorized, 55,243,719 issued and 55,043,719 outstanding at December 31, 2012 and 11,837,930 issued and outstanding at December 31, 2011	55,244	11,838
Additional paid-in capital	12,153,615	3,275,296
Treasury stock (200,000 shares)	(70,000)	-
Accumulated deficit	(11,337,104)	(5,326,370)
Total stockholders' equity (deficiency)	801,755	(2,027,561)
Total liabilities and stockholders' equity (deficiency)	$ 3,497,198	$ 4,013,606

The accompanying notes are an integral part of these consolidated fifi inteckd f f f fxa an iy(de decons' ffi d

ASPEN GROUP, INC. AND SUBSI

LIDATED STATEMENTS OF CHANGES IN STOCKH

FOR THE YEARS ENDED DECEMBER 3

Preferred Stock							Total
Series B		Series C		Common Stock			Stockholders'

compensation	-	-	-	-	-	-	347,657	-	-	347,657
Net loss, 2012	-	-	-	-	-	-	-	-	(6,010,734)	(6,010,734)
Balance at December 31, 2012	-	$ -	-							

Note 1.Nature of Operations and Going Concern

Overview

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "Aspen") was founded in Colorado in 1987 as the International School of Information Management. On September 30, 2004, it was acquired by Higher Education Management Group, Inc. ("HEMG") and changed its name to Aspen University Inc. On May 13, 2011, the Company formed a Colorado subsidiary, Aspen University Marketing, LLC, which was inactive and was formally dissolved on November 20, 2012. On March 13, 2012, the Company was recapitalized in a reverse merger (See Note 12). All references to the Company or Aspen before March 13, 2012 are to Aspen University, Inc.

On April 5, 2013, the Company gave 120-day notice to CLS 123, LLC of its intent to terminate the agreement between the Company and CLS 123, LLC dated November 9, 2011. Moreover, at the end of the 120-day period, the Company shall no longer be offering the "Certificate in Information Technology with a specialization in Smart Home Integration" program. Accordingly, the activities related to CLS (or the "Smart Home Integration Certificate" program) are treated as discontinued operations. As this component of the business was not sold, there was no gain or loss on the disposition of this component (see below "Discontinued Operations").

Aspen's mission is to become an institution of choice for adult learners by offering cost-effective, comprehensive, and relevant online education. One of the key differences between Aspen and other publicly-traded, exclusively online, for-profit universities is that approximately 87% of our degree-seeking students (as of December 31, 2012) were enrolled in graduate degree programs (Master or Doctorate degree program). Since 1993, we have been nationally accredited by the Distance Education and Training Council ("DET dult lea

The consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

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 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 consolidated financial statements. Actual results could differ from those estimates. Significant estimates in the accompanying 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 stock-based compensation, the valuation of net assets and liabilities from discontinued operations and the valuation allowance on deferred tax assets.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Restricted Cash

Restricted cash represents amounts pledged as security for letters of credit for transactions involving Title IV programs.

Consistent with the Higher Education Act, Aspen's certification to participate in Title IV programs terminated after closing of the reverse merger, and Aspen applied to DOE to reestablish its eligibility and certification to participate in the Title IV programs. However, in order to avoid significant disruption in disbursements of Title IV funds, the DOE may temporarily and provisionally certify an institution, like Aspen, that is seeking approval of a change in ownership under certain circumstances while the DOE reviews the institution's application. In response to DOE requests, the Company pledged a $105,865 letter of credit to the DOE on March 27, 2012 and on August 31, 2012, the Company pledged an additional $158,800 to the letter of credit and extended the due date to December 31, 2013. The Company considers $264,992 (includes accrued interest of $327) as restricted cash (shown as a current asset as of December 31, 2012) until such letter of credit expires. As of December 31, 2012, the account bears interest of 0.25%.

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 [illegible]

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.

Accou

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Amortization expense for software, included in the above amounts, for the years ended December 31, 2012 and 2011 was $226,454 and $60,290, respectively. Software consisted of the following at December 31, 2012 and 2011:

	December 31, 2012	December 31, 2011
Software	$ 1,388,824	$ 927,455
Accumulated amortization	(286,744)	(60,290)
Software, net	$ 1,102,080	$ 867,165

The following is a schedule of estimated future amortization expense of software at December 31, 2012:

Year Ending December 31,	
2013	$ 277,765
2014	277,765
2015	277,765
2016	217,474
2017	51,311
Total	$ 1,102,080

Note 6. Courseware

Courseware costs capitalized were $25,300 and $54,090 for the years ended December 31, 2012 and 2011, respectively.

Courseware consisted of the following at December 31, 2012 and 2011:

	December 31, 2012	December 31, 2011
Courseware	$ 2,097,538	$ 2,072,238
Accumulated amortization		

Note 7. Accrued Expenses

Accrued expenses consisted of the following at December 31, 2012 and December 31, 2011:

	December 31,	
	2012	2011
Accrued compensation	$ 50,923	$ 33,930
Accrued settlement payable	-	40,000
Other accrued expenses	24,989	54,373
Accrued expenses	$ 75,912	$ 128,303

In October 2009, the Company entered into an agreement with Glen Oaks College ("Glen Oaks") whereby Glen Oaks would provide technical training to Aspen students. Under the agreement, the Company received $100,000 from Glen Oaks in order to develop and obtain the necessary approvals to begin the program. On May 20, 2011, Glen Oaks filed suit against the Company to return the $100,000 when the agreement was not performed. On June 23, 2011, the Company agreed to settle the matter and paid Glen Oaks $5,000 on that date. On July 22, 2011, the Company and Glen Oaks entered into a settlement agreement whereby the Company agreed to pay Glen Oaks as follows: (i) $5,000 upon execution of the settlement agreement and (ii) $10,000 per month for nine consecutive months commencing August 1, 2011. As of December 31, 2011, the remaining settlement payable to Glen Oaks was $40,000. As of December 31, 2012, the settlement had been paid in full and no further amount was due.

Note 8. Loans Payable

During 2009, the Company received advances aggregating $200,000 from three individuals. Of the total funds received, $50,000 was received from a related party. From the date the funds were received through the date the loans were converted into convertible promissory notes payable, the loans were non-interest bearing demand loans and, therefore, no interest expense was recognized or due. As of December 31, 2011, the entire balance of the loans payable is included in long-term liabilities as the Company, in February 2012, has converted the loans into long-term convertible notes payable (See Notes 9 and 15).

Note 9. Notes Payable

Notes Pa[illegible]

In June 2009, the Company borrowed an aggregate of $45,000 from an individual, who was an officer of the Company at that time, in exchange [illegible]
During the year ended December 31, 2011, interest expense of $2,393 was recognized on the notes. During the year ended December 31, 2011, the remaining principal balance of $25,000 due on the notes payable was ref[illegible]notes. Dur

As part of the recapitalization that occurred on March 13, 2012, the Company assumed from the public entity an aggregate of $20,000 of convertible notes bearing interest at 10% per annum. Each note holder had the right to convert all or a portion of the principal amount of the note into shares of the Company's common stock at the conversion price of the next equity offering of the Company. The notes meet the criteria of stock settled debt under ASC 480, "Distinguishing Liabilities from Equity", and accordingly were presented at their fixed monetary amount of $20,000. The convertible notes were past due as of the date of assumption and, accordingly, the Company was in default. In April 2012, the convertible notes payable of $20,000 were converted into 20,000 common shares of the Company and, accordingly, the default was cured (See Note 12).

On February 25, 2012, February 27, 2012 and February 29, 2012, loans payable to an individual, another individual and a related party (the brother of Patrick Spada, the former Chairman of the Company), of $100,000, $50,000 and $50,000, respectively, were converted into two-year convertible promissory notes, bearing interest of 0.19% per annum. Beginning March 31, 2012, the notes areCEgly, th7ieary 2 s d d s

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 December 31, 2012, the Company had entered into five employment agreements whereby the Company is obligated to pay an annual performance bonus ranging from 50% to 100% of the employee's base salary based upon the achievement of pre-established milestones. Such annual bonuses are to be paid one-half in cash and the remainder in common shares of the Company. As of December 31, 2012, no performance bonuses have been earned.

Consulting Agreement

On September 16, 2011, the Company entered into a two-year consulting agreement with the former Chairman of the Company in which the Company was obligated to pay $11,667 per month. On September 28, 2011, the Company prepaid 13 months of the consulting agreement, or $151,667, which was then amortized until December 31, 2011, at which time the consulting agreement was terminated and the remaining unamortized prepaid expense was recognized immediately as consulting expense. No additional amounts are due under the consulting agreement (See Note 15).

On October 1, 2012, the Company retained two investor relations firms agreeing to pay one firm $50,000 a year for two years and issuing it 200,000 shares of common stock, having a fair value of $70,000 based on recent sales of Units. The second firm was retained for one year with a fee of $5,000 per month. The second firm also received 100,000 shares of common stock and 100,000 five-year warrants exercisable at $0.60 per share, having a fair value of $43,000 based on recent sale of Units (See Note 12).

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of December 31, 2012, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest (See Note 16).

Regulatory Matters

The Company's subsidiary, Aspen University Inc. ("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 particio of numauand issuing it

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. 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 anp iescts

Pursuant to the recapitalization discussed below, the Company is deemed to have issued 9,760,000 common shares to the original stockholders of the publicly-held entity.

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Recapitalization

On March 13, 2012 (the "recapitalization date"), Aspen University was acquired by Aspen Group, Inc., an inactive publicly-held company, in a reverse merger transaction accounted for as a recapitalization of Aspen University (the "Recapitalization" or the "Reverse Merger"). The common and preferred stockholders of the Company received 25,515,204 common shares of Aspen Group, Inc. in exchange for 100% of the capital stock of Aspen University Inc. For accounting purposes, Aspen University Inc. is the acquirer and Aspen Group, Inc. is the acquired company because the stockholders of Aspen University Inc. acquired both voting and ê

Note 13. Income Taxes

The components of income tax expense (benefit) are as follows:

For th. Income e e e

A reconciliation of income tax computed at the U.S. statutory rate to the effective income tax rate is as follows:

	For the Year Ended December 31,	
	2012	2011
Statutory U.S. federal income tax rate	34.0%	34.0%
State income taxes, net of federal tax benefit	3.1	3.1
Other	(0.1)	(0.1)
Change in valuation allowance	(37.0)	(37.0)
"		

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 $1.00 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. On September 4, 2012, the maturity date was extended to August 31, 2013. On December 17, 2012, the maturity date was extended to August 31, 2014. There was no accounting effect for these two modifications (See Note 9).

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 common shares of the Company at the rate of $0.35 per share (based on proceeds received on September 28, 2012 under a private placement at $0.35 per un a8,

During February and March 2013, the Company sold $565,000 of Units (consisting of one common share and one-half of a warrant exercisable at $0.50 per share).

During February 2013, the Company repaid approximately $250,000 of its line of credit. The line of credit remains open.

On March 14, 2013, the Company entered into a letter of intent with Laidlaw & Company (UK) Ltd. under which Laidlaw agreed to use its best effort to sell up to $770,000 of Units with the same terms as the Units the Company sold in 2012 and 2013 to date. Laidlaw will receive cash commissions of 10% based on the number of Units sold and five-year warrants equal to 10% of the securities sold exercisable at $0.50 per share.

As of March 31, 2013, the Company decided to discontinue business activities related to its "Certificate in Information Technology with a specialization in Smart Home Integration" program (See Note 1 "Discontinued Operations").

On April 5, 2013, the Company provided a 120-day notice to CLS 123, LLC of its intent to terminate the agreement between the Company and CLS 123, LLC dated November 9, 2011 (See Note 1 "Discontinued Operations").

On April 18, 2013, the Company raised $522,170 (net of offering costs of $78,158 and five-year warrants to purchase 169,021 common shares at $0.50 per share) from the sale of 17.15 Units (comprised of 1,715,217 common shares and 857,606 five-year warrants exercisable at $0.50 per share). All of the Units were sold with the assistance of Laidlaw except $8,750, which the Company raised on its own behalf and was not subject to a commission. Cash commissions of $59,158 and five-year warrants to purchase 169,021 common shares at $0.50 per share are due to Laidlaw as offering fees.

On April 25, 2013, the Company changed its fiscal year end from December 31 to April 30.

Subsequent to March 31, 2013, the Company granted 160,714 stock options to executive officers in lieu of reduced salaries, 75,000 stock options to a consultant and 25,000 stock options to an employee. All of the aforementioned stock options are five-year options, vest over 3 years and have an exercise price of $0.35 per share.

On July 1, 2013, Mr. Mathews loaned Aspen Group $1 million and was issued a $1 million Promissory Note due December 31, 2013. The Promissory Note bears 10% interest per annum, payable monthly in arrears.

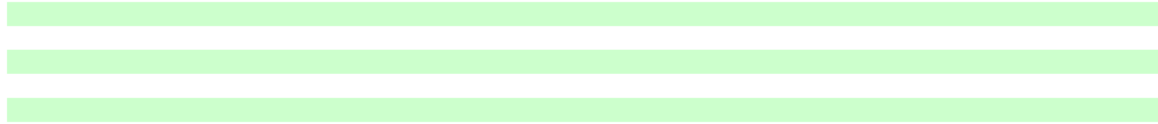
(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

10.33	Form of Registration Rights Agreement – February Private Placement	S-1	4/8/13	10.33
10.34	D'Anton Agreement – Loan Cancellation	S-1	2/11/13	10.34
10.35	Powers Consulting Agreement	10-K	3/18/13	10.35
10.36	Form of Securities Purchase Agreement – April Private Placement	8-K	4/19/13	10.1
10.37	Form of Registration Rights Agreement – April Private Placement	8-K	4/19/13	10.2



EXHIBXBXB

The opinions expressed herein are limited to the General Corporation Law of the State of Delaware, as currently in effect, and we express no opinion as to the effect of any other law of the State of Delaware or the laws of any other jurisdiction.

In connection with our opinions expressed below, we have assumed that, at or prior to the time of the issuance and the delivery of any shares, the Registration Statement will have been declared effective under the Act, that the shares will have been registered under the Act purêuNêuNAct p

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") entered into as of May 16, 2013 (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 Customers, 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 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 19, 2011.

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, 22, and 23 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. Provided, however, if the Executive is terminated without Cause or if he terminates his employment for Good Reason as those terms are defined in Sections 6(b) and (c), the provisions of Section 8 shall not apply except for acts occurring prior to the date of termination.

3. Duties.

(a) General Duties. The Executive shall serve as the Chief Executive Officer of the Company, with

(b)

(c)

(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 $250,000 (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. Provided, however, that the Base Salary shall be payable at the rate of $100,000 per year until such time as the Compensation Committee of the Board determines that the Company has an adequate cash balance to pay the larger Base Salary.

(b) Target Bonus. For each fiscal year during the Term beginning May 1 and ending April 30th of the applicable fiscal year, the Executive shall have the opportunity to earn a bonus equal to 25%, 50% or 100% of his then Base Salary (the "Target Bonus"), based on the achievement of target performance goals established by the Compensation Committee at the beginning of the fiscal year; provided, however, that the earning of the Target Bonus is subject to the Company having at least $2,000,000 in available cash after deducting the Target Bonus paid to the Executive and any bonus owed to the Chief Financial Officer for that fiscal year under his Sy nryhi Dedeer o s yh2D

(c)

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) Employee Benefit Programs. The Executive is entitled to participate in any pension, 401(k), insurance or other employee benefit plan that is maintained by the Company for its executives, including programs of life insurance and reimbursement of membership fees in professional organizations. The Company will also provide health insurance covering the Executive and family dependents.

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) an amount equal to six months of Base Salary, (iii) any accrued but unpaid expenses required to be reimbursed under this Agreement, (iv) 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

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(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 Customers, vendors or suppliers; (iv) Customer goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Services, methods, operations

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the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire, fo

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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. Investigations/Clawbacks.

(a) In the event the Executive or the Company is the subject of an investigation (whether criminal, civil, or administrative) involving possible violations of the United States federal securities laws by the Executive, the Compensation Committee or the Board may, in its sole discretion, direct the Company to withhold any and all payments to the Executive (whether compensation or otherwise) which would have otherwise been made pursuant to this Agreement or otherwise would have been paid or payable by the Company, which the Compensation Committee or the Board believes, in its sole discretion, may or could be considered an "extraordinary payment" and therefore at risk and potentially subject to, the provisions of Section 1103 of the Sarbanes-O e Cbe i oredi nsthe Sarbapaid or |s

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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 ox o% I The dpferru8t ox e

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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: /s/ Michael Matte
Michael Matte,
Chief Financial Officer

Executive:

/s/ Michael Mathews
Michael Mathews

EXHIBIT 10.7

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") entered into as of May 16, 2013 (the "Effective Date"), between Aspen Group, Inc., a Delaware corporation (the "Company"), and Michael Matte (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 ,y'eDn

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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, 22, and 23 shall remain in full force and effect and the end of

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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

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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. 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 a t

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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, its Customers, or subjects, as the case may be. 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.

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 extra

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With a copy to: Nason, Yeager, Gerson White & Lioce, P.A.
Attn: Michael Harris, Esq.
1645 Palm Beach Lakes Blvd., Suite 1200
West Palm Beach, Florida 33410
Email: mharris@nasonyeager.com

To the Executive: Michael Matte

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Email: matte.michael@gmail.com

17. Counterparts

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considered an "extraordinary payment" and therefore at risk and potentially subject to, the provisions of Section 1103 of the Sarbanes-Oxley Act of 2002 (including, but not limited to, any severance payments made to the Executive upon termination of employment). The withholding of any payment shall be until such tif nt).ashall be un fl be oylm

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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:

(i) 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;

(ii) 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

(iii) 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").

(i) 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.

(ii) 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 accordancedcedmmf n datrth Delanth thplu úesta that stld sta nth Delay Rule, ppli to pas

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

Executive:

/s/Michael Matte
Michael Matte

other benefits and plans, including perquisites, if any, as the Company provides to its senior executives.

(d) Provided that the Executive is performing services in accordance with this Agreement or as a consultant to the Company under a Consulting Agreement, a form of which is attached to this Agreement as Appendix A, all of the unvested stock options held by the Executive as of the date of this Addendum shall continue to vest.

(e) In addition to his Base Salary, the Executive shall receive 200,000 five-year stock options to purchase shares of the Company's Common Stock. The options shall be exercisable at $0.35 per share and shall vest in two equal annual increments (first vesting date being June 16, 2014), subject to the Executive providing services in accordance with this Agreement or as a consultant under the Consulting Agreement. Provided that the Executive is providing the required services, if the Company terminates the Executive prior to receipt of $125,000, the options shall continue to vest, subject to the 2012 Equity Incentive Plan. If the Executive terminates the consulting relationship as provided in Appendix A, the options shall cease to vest. The exercisability of all the options held by the Executive shall be subject to the Executive executing the Company's standard stock option agreement.

5. Disclosure of Confidential Information. The Executive recognizes, acknowledges and agrees that he has had and will continue to have access to secret and confidential information regarding the Company, including but not limited to, its products, formulae, patents, sources of supply, customer dealings, data, know-how and business plans, provided such information is not in or does not hereafter become part of the public domain, or become known to others through no fault of the Executive. The Executive acknowledges that such information is of great value to the Company, is the sole property of the Company, and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by the Company herein, the Executive will not, at any time, during or after his employment hereunder, reveal, divulge or make known to any person, any information acquired by the Executive during the course of his employment, which is treated as confidential by the Company, and not otherwise in the public domain. The provisions of this Section 5 shall survive the termination of the Executive's employment hereunder, but shall expire six (6) months after the termination of the Consulting Agreement referred to in Section 4(d) supra. All references to the Company in Section 5 and Section 6 hereof shall include any subsidiary of the Company.

6. Covenant Not To Compete or Solicit. The Executive and the Company have entered into a Non-Competition and Non-Solicitation Agreement as of the date of this Agreement. Such Agreement will terminate six (6) months after the end of the Consulting Agreement referred to herein.

7. Release. The Executive hereby releases Aspen from any liability related to the Agreement, but not this Addendum.

8. Termination. If the Company terminates the Executive prior to the Executive receiving $125,000 under this Addendum, the Company shall pay the Executive the sum of $125,000 less any Base Salary paid to the Executive under this Addendum beginning June 1,

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

Aspen Group, Inc.

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

Executive:

/s/David Garrity
David Garrity

EXHIBIT 10.40

PROMISSORY NOTE

$<u>1,000,000.00</u> July 1, 2013

FOR VALUE RECEIVED, the undersigned (the “Maker”) promises to pay to the order of Michael Mathews (the “Holder e toorfe it(s1rta Ê s

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the use of our report dated March 18, 2013 (Except for Note 1 "Discontinued Operations" and Note 16 as to which the date is July 3, 2013) on the consolidated financial statements of Aspen Group, Inc. and Subsidiaries for the years ended December 31, 2012 and 2011, included herein on the registration statement of Aspen Group, Inc. on Form S-1/A Amendment No. 1, and to the reference to our firm under the heading "Experts" in the prospectus.

/s/Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
July 3, 2013