

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

FORM 10-Q

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

For the quarterly period ended **January 31, 2017**

OR

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

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

Commission file number: **000-55107**

**Aspen Group, Inc.**

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

**Delaware**

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

**27-1933597**

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

**1660 S Albion Street, Suite 525**

**Denver, CO**

*(Address of principal executive offices)*

**80222**

*(Zip Code)*

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

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

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

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

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

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

|   |  |
|---|--|
| <u>Class</u>                              | <u>Outstanding as of March 9, 2017</u> |
| Common Stock, \$0.001 par value per share | 11,515,394                             |



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

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

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED JANUARY 31, 2017**  
**(Unaudited)**

|  | <u>Common Stock</u> |               | <u>Additional<br/>Paid-In<br/>Capital</u> | <u>Treasury<br/>Stock</u> | <u>Accumulated<br/>Deficit</u> | <u>Total<br/>Stockholders'<br/>Equity</u> |
|--|---------------------|---------------|---|---------------------------|--------------------------------|---|
|  | <u>Shares</u>       | <u>Amount</u> |   |                           |                                |   |
| Balance at April 30, 2016                            | 11,246,512          | \$ 11,247     | \$ 26,477,162                             | \$ (70,000)               | \$(24,605,427)                 | \$ 1,812,982                              |
| Attorney fees associated with registration statement | —                   | —             | (4,017)                                   | —                         | —                              | (4,017)                                   |
| Stock-based compensation                             | —                   | —             | 253,833                                   | —                         | —                              | 253,833                                   |
| Warrant buyback                                      | 208,333             | 208           | (   |                           |                                |   |
|  | _____               | _____         | _____                                     | _____                     | _____                          | _____                                     |
|  | _____               | _____         | _____                                     | _____                     | _____                          | _____                                     |

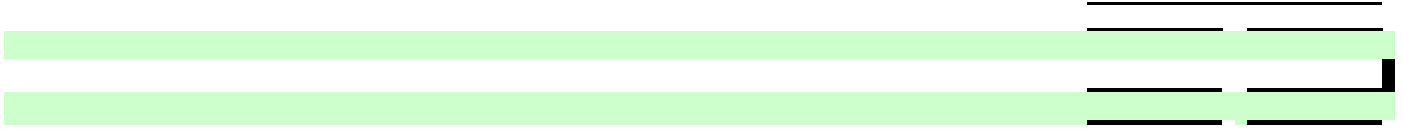
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**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
**(Unaudited)**

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

**Overview**

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

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

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

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

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

**Basis of Presentation**

**A. Interim Financial Statements**

The interim consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of the Company’s management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations for the three and nine months ended January 31, 2017 and 2016, our cash flows for the nine months ended January 31, 2017 and 2016, and our financial position as of January 31, 2017 have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Report on Form 10-K for the period ended April 30, 2016. For further information, see our financial statements and notes thereto included in our Report on Form 10-K for the period ended April 30, 2016.



**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
**(Unaudited)**

**B. Liquidity**

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

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**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
**(Unaudited)**

**Fair Value Measurements**

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



**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
**(Unaudited)**

**Net Income (Loss) Per Share**

Net income (loss) per common share is based on the weighted average number of common shares outstanding during each period. Options to purchase 1,963,481 and 1,404,776 common shares, warrants to purchase 934,555 and 2,405,980 common shares, and \$350,000 of convertible debt (convertible into 75,596 common shares) were outstanding at January 31, 2017 and 2016, respectively, but were not included in the computation of diluted loss per share because the effects would have been anti-dilutive. The options, warrants and convertible debt are considered to be common stock equivalents and are only included in the calculation of diluted earnings per common share when their effect is dilutive, as noted in the chart below.

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

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

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
(Unaudited)

**Note 4. Property and Equipment**

As property and equipment become fully expired, the fully expired asset is written off against the associated accumulated depreciation. There is no expense impact for such write offs. Property and equipment consisted of the following at January 31, 2017 and April 30, 2016:

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

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

|                          | January 31,<br>2017 | April 30,<br>2016   |
|--------------------------|---------------------|---------------------|
| Software                 | \$ 2,091,660        | \$ 2,567,383        |
| Accumulated amortization | (1,027,210)         | (1,560,932)         |
| Software, net            | <u>\$ 1,064,450</u> | <u>\$ 1,006,451</u> |

Depreciation and Amortization expense for all Property and Equipment as well as the portion for just software

|  | January 31,<br>2017 | April 30,<br>2016 |
|--|---------------------|-------------------|
| Depreciation and Amortization expense for all Property and Equipment | [REDACTED]          | [REDACTED]        |
| Depreciation and Amortization expense for just software              | [REDACTED]          | [REDACTED]        |
|  | <u>[REDACTED]</u>   | <u>[REDACTED]</u> |

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
(Unaudited)

**Note 5. Courseware**

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

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

|                          | January 31,<br>2017 | April 30,<br>2016 |
|--------------------------|---------------------|-------------------|
| Courseware               | \$ 272,727          | \$ 319,267        |
| Accumulated amortization | (115,909)           | (124,335)         |
| Courseware, net          | <u>\$ 156,818</u>   | <u>\$ 194,932</u> |

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

|  | For the<br>Three Months Ended<br>January 31, |           | For the<br>Nine Months Ended<br>January 31, |           |
|--|--|-----------|---|-----------|
|  | 2017   | 2016      | 2017  | 2016      |
|  | Amortization expense                         | \$ 13,663 | \$ 16,513                                   | \$ 44,664 |

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

| Year Ending April 30, |                   |
|-----------------------|-------------------|
| 2017                  | \$ 13,583         |
| 2018                  | 50,492            |
| 2019                  | 49,019            |
| 2020                  | 35,177            |
| 2021                  | <del>8,427</del>  |
| Total                 | <u>\$ 156,818</u> |

**Note 6. Loan Payable Officer – Related Party**

On June 28, 2013, the Company received \$1,000,000 as a loan from the Company's Chief Executive Officer. The loan is



**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 31, 2017**  
**(Unaudited)**

**Regulatory Matters**

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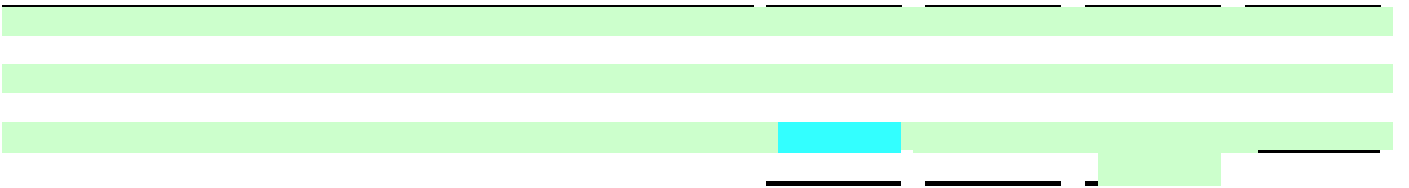
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**ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

You should read the following discussion in conjunction with our consolidated financial statements, which are included elsewhere in this Form 10-Q. Management’s Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in the Risk Factors contained in the Annual Report on Form 10-K filed on July 27, 2016 with the Securities and Exchange Commission, or the SEC.

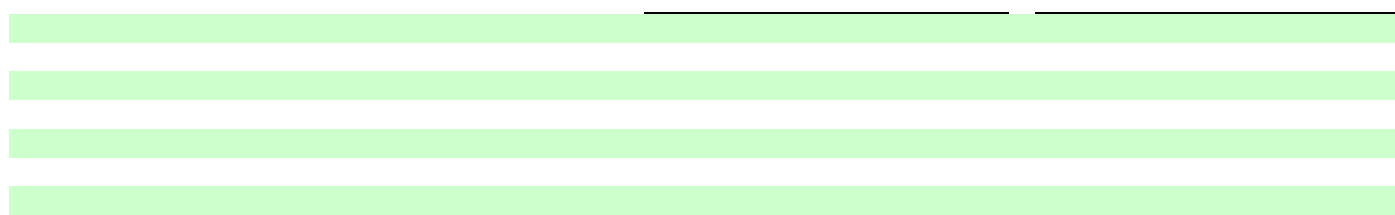
All references to “we,” “our,” “us,” and “Aspen” refer to Aspen Group, Inc. and its subsidiary, Aspen University Inc. (“University”) unless the context otherwise indicates. In referring to academic matters, these words refer solely to Aspen University.

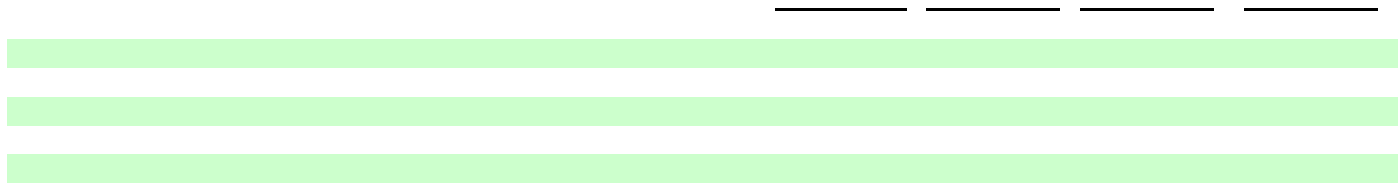
**Company Overview**

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

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

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





Marketing Efficiency Ratio =







**Cost of Revenues (exclusive of am**

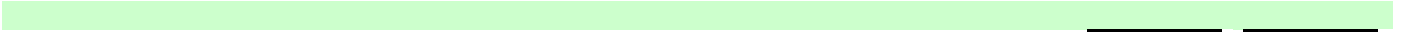
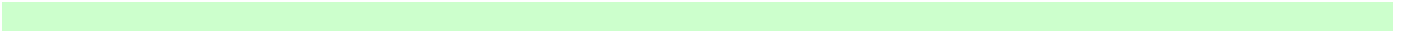






**Liquidity and Capital Re**

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

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

### **Related Party Transactions**

See Note 10 to the unaudited consolidated financial statements included herein for additional description of related party transactions that had a material effect on our unaudited consolidated financial statements.

### **Off Balance Sheet Arrangements**

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

### **New Accounting Pronouncements**

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

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

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

The results anticipated by any or all of these forward-looking statements might not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include the failure to maintain regulatory approvals, regulatory issues, competition, ineffective media and/or marketing, failure to maintain growth in degree seeking students and the failure to generate sufficient revenue. Further information on our risk factors is contained in our filings with the SEC, including the Form 10-K filed on July 27, 2016. Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

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

Not applicable.

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

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

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

## **PART II. OTHER INFORMATION**

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

From time to time, we may be inv





## EXHIBIT INDEX

| Exhibit #            | Exhibit Description  | Incorporated by Reference |      |        | Filed or<br>Furnished<br>Herewith |
|----------------------|--|---------------------------|------|--------|-----------------------------------|
|                      |  | Form                      | Date | Number |                                   |
| <a href="#">3.1</a>  | Certificate of Incorporation, as amended                                   |                           |      |        | Filed                             |
| <a href="#">10.1</a> | Employment Agreement with Michael Mathews dated November 2, 2016*          |                           |      |        | Filed                             |
| <a href="#">31.1</a> | Certification of Principal Executive Officer (302)                         |                           |      |        | Filed                             |
| <a href="#">31.2</a> | Certification of Principal Financial Officer (302)                         |                           |      |        | Filed                             |
| <a href="#">32.1</a> | Certification of Principal Executive and Principal Financial Officer (906) |                           |      |        | Furnished**                       |
| 101.INS              | XBRL Instance Document   |                           |      |        | Filed                             |
| 101.SCH              | XBRL Taxonomy Extension Schema Document                                    |                           |      |        | Filed                             |
| 101.CAL              | XBRL Taxonomy Extension Calculation Linkbase Document                      |                           |      |        | Filed                             |
| 101.DEF              | XBRL Taxonomy Extension Definition Linkbase Document                       |                           |      |        | Filed                             |
| 101.LAB              | XBRL Taxonomy Extension Label Linkbase Document                            |                           |      |        | Filed                             |
| 101.PRE              | XBRL Taxonomy Extension Presentation Linkbase Document                     |                           |      |        | Filed                             |

\* Management contract or compensatory plan or arrangement.

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

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



**CERTIFICATE OF INCORPORATION  
OF  
ASPEN GROUP, INC.**

1. The name of the corporation is Aspen Group, Inc. (the “Company”).
2. The address of its registered office in the State of Delaware, County of New Castle, is Vcorp Services, LLC, 1811 Silverside Road, Wilmington, Delaware 19810.
3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.
4. The total number of shares of stock of all classes and series the Company shall have authority to issue is 65,000,000 shares consisting of (i) 6N

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

- (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and
- (ii) any suit by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Company shall be entitled to recover such expenses upon a final adjudication that,

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

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



IN WITNES

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

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

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

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

"FOURTH

**SECOND:**

**THIRD:**

**FOURTH:**

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**CER**



**IN WITNESS WHEREOF**, the undersigned has caused this certificate to be executed as of this \_\_\_\_\_ day of September, 2014.

ASPEN GROUP, INC.

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



**AMENDMENT TO  
CERTIFICATE OF INCORPORATION**

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

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

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

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



**EMPLOYMENT AGREEMENT**

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

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other likekeke REAS, inenot

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necessary for the performance of his job including travel to the Company's offices located in Colorado, Arizona and any other location in which the Company may in the future establish an office.

pu o (d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is

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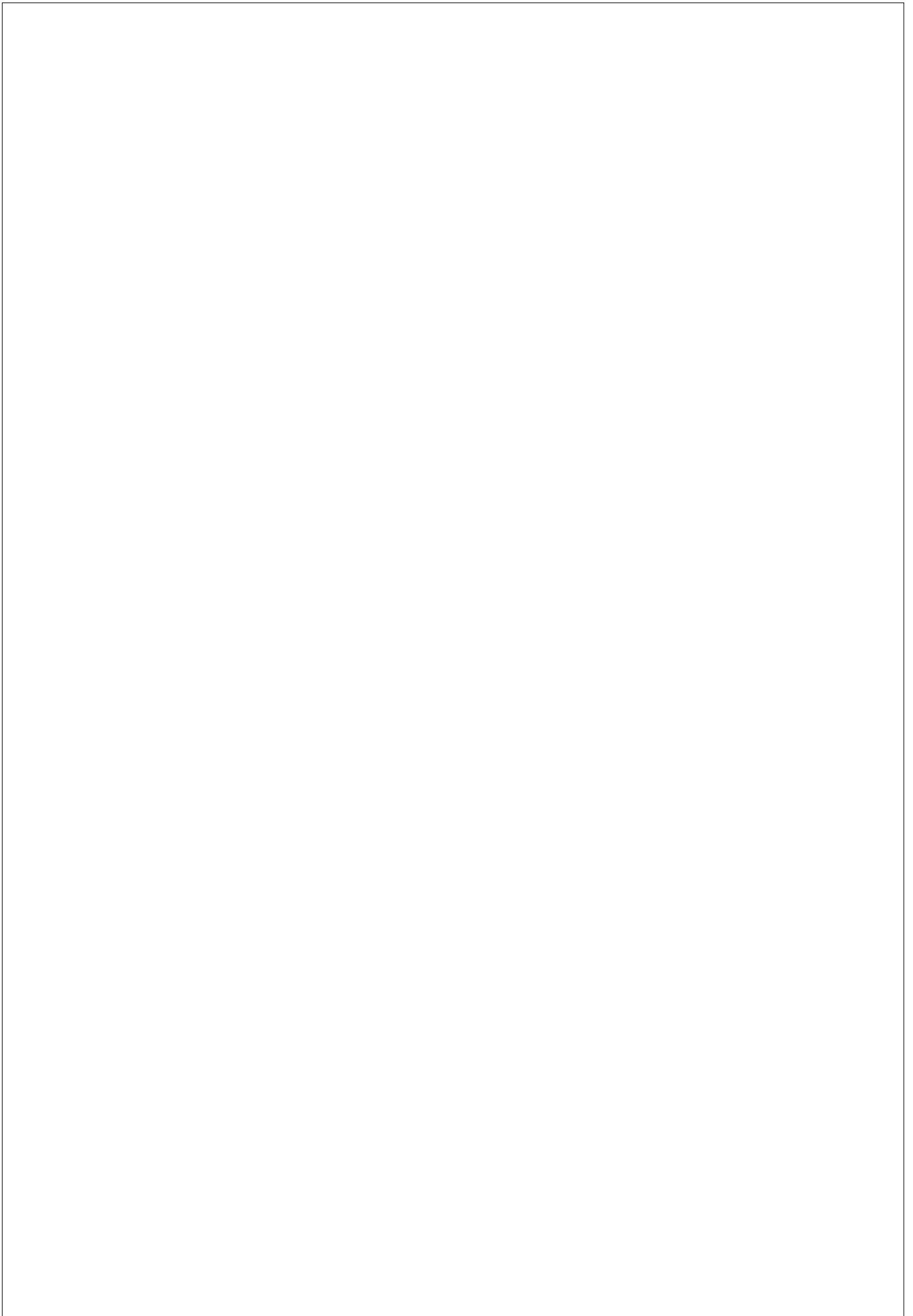


| EBITDA Threshold                    | Automatic Cash Bonus | Automatic Equity Bonus | Discretionary Cash Bonus | Discretionary Equity Bonus |
|-------------------------------------|----------------------|------------------------|--------------------------|----------------------------|
| (1)<br>\$1,000,000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

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

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be adopted; or (x) the Executive abuses alcohol or drugs in a manner that interferes with the successful performance of his or her duties.

(c) Termination

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(D)

(E)

(F)







information storage devices, and hard drives, and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or work product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

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

8. Non-Competition Agreement.

(a) Competition with the Company

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indirectly, request, recommend or advise any employee of the Company to terminate his or her employment with the Company, for the purposes of providing services for a Prohibited Business, or solicit for employment or recommend to any third party the solicitation for employment of any individual who was employed by the Company or any of its subsidiaries and affiliates at any time during the one year period preceding the Executive's termination of employment.

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

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

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

9. Non-Disclosure of Confidential Information.

(a) Confidential Information. For purposes of this Section 9, Confidential Information shall mean any information that is confidential or otherwise protected by law, and that is not generally known to the public, and the disclosure of which would be likely to cause substantial harm to the Company or its subsidiaries and affiliates.





12. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company, and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company, and the Executive hereby assigns any such inventions to the Company.

An invention, idea, process, program, software, or design (including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all work product and intellectual property rights, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any work product or intellectual property rights so as to be less in any respect than the Company would have had in the absence of this Agreement. If applicable, the Executive shall provide as a schedule to this Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section 12 shall include the Company, its subsidiaries and affiliates.

13. Indebtedness

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15. Severability.

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

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

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

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

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

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

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

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

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

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

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

22. Section 409A Compliance.

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

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

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

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

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

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

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

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

(1) For purposes of this subparagraph, amounts payable

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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: \_\_\_\_\_  
Janet Gill,  
Chief Financial Officer

Executive:

\_\_\_\_\_  
Michael Mathews



**Exhibit A**  
**General Release Agreement**





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

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

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

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

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ASPEN GROUP, INC.

By: /s/ Janet Gill

Janet Gill,  
Chief Financial Officer

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

/s/ Michael Mathews

Michael Mathews

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**Exhibit B**  
**Indemnification Agreement**



**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Janet Gill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in
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    - b)
    - c)
    - d)
  5.
    - a)
    - b)
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