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PART I

ITEM 1. BUSINESS.

On March 13, 2012, Aspen Group, Inc., or Aspen Group, and Aspen University Inc., a privately held Delaware corporation, or Aspen, closed a Merger Agreement whereby Aspen became a wholly-owned subsidiary of Aspen Group. We refer to the merger as the "R





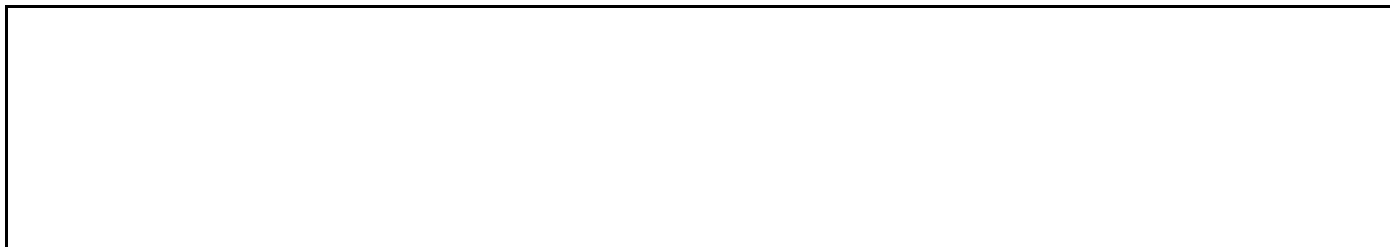














Therefore, we are taking steps to ensure compliance in time for the earlier-effective July 1, 2014 enforcement date as recommended for all schools facing this new (but currently invalid) regulation. We enroll students in all 50 states, as well as the District of Columbia and Puerto Rico. We have sought and received confirmation that our operations do not require state licensure or authorization, or we have been notified that we are exempt from licensure or authorization requirements, in three states. We, through our legal counsel, are researching the licensure requirements and exemption possibilities in the remaining 47 states. It is anticipated that Aspen will be in compliance with all state licensure requirements by June of 2014, in time for the earlier-effective compliance date set by the DOE. Because we enroll students in all 50 states, as well as the District of Columbia and Puerto Rico, we may have to seek licensure or authorization in additional states in the future.

We are subject to extensive regulations by the states in which we become authorized or licensed to operate. State laws typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations and other operational matters. State laws and regulations may limit our ability to offer educational programs and to award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. Our responsibility as a special interest authorization from the states in which we operate is to ensure that we comply with all applicable state laws and regulations. If we fail to comply with state licensing requirements, we may lose our state licensure or authorizations. 8



The federal government provides a substantial part of its support for postsecondary education through the Title IV programs, in the form of grants and loans to students. Students can use those funds at any institution that has been certified by the DOE to participate in the Title IV programs. Aid under Title IV programs is primarily awarded on the basis of financial need, generally defined as the difference between the cost of attending the institution and the amount a student can reasonably contribute to that cost. All recipients of Title IV program funds must maintain satisfactory academic progress and must progress in a timely manner toward completion of their program of study. In addition, each school must ensure that Title IV program funds are properly accounted for and disbursed in the correct amounts to eligible students.

Our students receive loans and grants to fund their education under the following Title IV programs: (1) the Federal Direct Loan program, or Direct Loan and (2) the Federal Pell Grant program, or Pell.

Currently, the majority of Aspen students self-finance all or a portion of their education. Additionally, students may receive full or partial tuition reimbursement from their employers. Eligible students can also access private loans through a number of different lenders for funding at current market interest rates.

Under the Direct Loan program, the DOE makes loans directly to students. The Direct Loan Program includes the Direct Subsidized Loan, the Direct Unsubsidized Loan, the Direct PLUS Loan (including loans to graduate and professional students), and the Direct Consolidation Loan. The Budget Control Act of 2011 signed into law in August 2011, eliminated Direct Subsidized Loans for graduate and professional students, as of July 1, 2012. The terms and conditions of subsidized loans originated prior to July 1, 2012 are unaffected by the law. In 2012, Direct Subsidized Loans were 6% of Aspen's cash revenues as calculated in accordance with the DOE's 90/10 rule. Cash revenues are not revenues reported on our consolidated financial statements contained herein.

For Pell grants, the DOE makes grants to undergraduate students who demonstrate financial need. To date, few Aspen students have received Pell Grants. Accordingly, the Pell Grant program currently is not material to Aspen given the fact that Pell Grants represented less than 1% of Aspen's cash revenues as calculated in accordance with the DOE's 90/10 rule.

#### 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

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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 Government Accountability office, or 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 205

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Under DOE regulations, even if an institution meets all of the other financial responsibility requirements, it is not considered to be financially responsible if the relevant financial statement audits contain a going concern opinion. If the DOE were to determine that we do not meet its financial responsibility standards, we may be able to establish financial responsibility on an alternative basis. Alternative bases include, for example:

- posting a letter of credit in an amount equal to at least 50% of the total Title IV program funds received by us during our most recently completed fiscal year;
  - posting a letter of credit in an amount equal to at least 10% of such prior year's Title IV program funds received by us, accepting provisional certification, complying with additional DOE monitoring requirements and agreeing to receive Title IV program funds under an arrangement other than the DOE's standard advance payment arrangement such as the "reimbursement" system of payment or cash monitoring; or
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Student Loan Defaults. Under the Higher Education Act, an education institution may lose its eligibility to parti



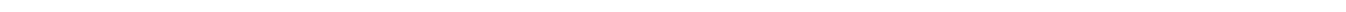




Potential Effect of Regulatory Violations. If we fail to comply with the regulatory standards governing Title IV programs, the DOE could impose one or more sanctions, including transferring A spen to the reimbursement or cash monitoring system of payment, seeking to require repayment of certain Title IV program funds, requiring A spen to post a letter of credit in favor of the DOE as a condition for continued Title IV certification, taking emergency action against us, referring the matter for criminal prosecution or initiating proceedings to impose a fine or to limit, condition, suspend or terminate our participation in Title IV programs.

We also may be subject, from time to time, to complaints and lawsuits relating to regulatory compliance brought not only by our regulatory agencies, but also by other government agencies and third parties, such as present or former students or employees and other members of the public.

Restrictions on Adding Educational Programs. State requirements and accrediting agency standards may, in certain instances, limit our ability to establish additional programs. Many states require approval before instartrVof's tanc o



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Although the rules regarding gainful employment metrics provide opportunities to address program deficiencies before the loss of Title IV eligibility, the continuing eligibility of o o



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DETC recently revised its policy pertinent to changes in legal status, control, ownership, or management. The policy revisions add definitions of the situations under which DETC considers a change in legal status, control, ownership, or management to occur, describe the procedures that an institution must follow to obtain approval, and clarify the options available to DETC. Among other revisions, DETC defines a change of ownership and control as a change in the ability to direct or cause the direction of the actions of an institution, including, for example, the sale of a controlling interest in an institution.

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Because there is strong competition in the postsecondary education market, especially in the online education market, our cost of acquiring students may increase and our results of operations may be harmed.

Postsecondary education is highly fragmented and competitive. We compete with traditional public and private two-year and four-year brick and mortar colleges as well as other for-profit schools, particularly those that offer online learning programs. Public and private colleges and universities, as well as other for-profit schools, offer programs similar to those we offer. Public institutions receive substantial government subsidies, and public and private institutions have access to government and foundation grants, tax-deductible contributions that create large endowments and other financial resources generally not available to for-profit schools. Accordingly, public and private institutions may have instructional and support resources that are superior to those in the for-profit sector. In addition, some of our ~~institutions~~ <sup>operations</sup> are ~~located~~ <sup>located</sup> in ~~the~~ <sup>the</sup> ~~United States~~ <sup>United States</sup> and ~~other~~ <sup>other</sup> ~~countries~~ <sup>countries</sup>.

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Although our management is spearheading a new marketing and advertising program, it may not be successful.

Mr. Michael Mathews, our Chief Executive Officer has developed a new marketing campaign designed to substantially increase our student enrollment. While initial results have been as anticipated, there are no assurances that this marketing campaign will continue to be successful. Among the risks are the following:

- Our ability to compete with existing online colleges which have substantially greater financial resources, deeper management and academic resources, and enhanced public reputations;
  - the emergence of more successful competitors;
  - factors related to our marketing, including the costs of Internet advertising and broad-based branding campaigns;
  - limits on our ability to attract and retain effective employees because of the new incentive payment rule;
  - performance problems with our online systems;
  - failure to maintain accreditation;
  - student dissatisfaction with our services and programs;
  - adverse publicity regarding us, our competitors or online or for-profit education generally;
  - a decline in the acceptance of online education;
  - a decrease in the perceived or actual economic benefits that students derive from our programs;
  - potential students may not be able to afford the monthly payments; and
  - potential students may not read
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Because the CAN-SPAM Act imposes certain obligations on the senders of commercial emails, it could adversely impact our ability to market Aspen's educational services, and otherwise increase the costs of our business.

The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or CAN-SPAM Act, establishes requirements for commercial email and specifies penalties for commercial email that violates the CAN-SPAM Act. In addition, the CAN-SPAM Act gives consumers the right to require third parties to stop sending them commercial email.

The CAN-SPAM Act covers email sent for the primary purpose of advertising or promoting a commercial product, service, or Internet website. The Federal Trade Commission, a federal consumer protection agency, is primarily responsible for enforcing the CAN-SPAM Act, and the Department of Justice, other federal agencies, State Attorneys General, and Internet service providers also have authority to enforce certain of its provisions.

The CAN-SPAM Act's main provisions include:

- Prohibiting false or misleading email header information;
- Prohibiting the use of deceptive subject lines;
- Ensuring that recipients may, for at least 30 days after an email is sent, opt out of receiving future commercial email messages from the sender;
- Requiring that commercial email be identified as a solicitation or advertisement unless the recipient affirmatively permitted the message; and
- Requiring that the sender include a valid postal address in the email message.

The CAN-SPAM Act also prohibits unlawful acquisition of email addresses, such as through directory harvesting and transmission of commercial emails by unauthorized means, such as through relaying messages with the intent to deceive recipients as to the origin of such messages.

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 incur liability for the unauthorized duplication or distribution of class materials posted online during our class discussions, it may affect our future operating results and financial condition.

In some instances, our faculty members or our students may post various articles or other third party content on class discussion boards. We may incur liability for the unauthorized duplication or distribution of this material posted online for class discussions. Third parties may raise claims against us for the unauthorized duplication of this material. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether the claims have merit. As a result we may be required to alter the content of our courses or pay monetary damages.

Because we are an exclusively online provider of education, we are entirely dependent on continued growth and acceptance of exclusively online education and, if the recognition by students and employers of the value of online education does not continue to grow, our ability to grow our business could be adversely impacted.

We believe that continued growth in online education will be largely dependent on additional students and employers recognizing the value of degrees and courses from online institutions. If students and employers are not convinced that online schools are an acceptable alternative to traditional schools or that an online education provides value, or if growth in the market penetration of exclusively online education slows, growth in the industry and our business could be adversely affected. Because our business model is based on online education, if the acceptance of online education does not grow, our ability to continue to grow our business and our financial condition and results of operations could be materially adversely affected.

As Internet commerce develops, federal and state governments may draft and propose new laws to regulate Internet commerce, which may negatively affect our business.

The increasing popularity and use of the Internet and other online services have led and may lead to the adoption of new laws and regulatory practices in the U.S. and to new interpretations of existing laws and regulations. These new laws and interpretations may relate to issues such as online privacy, copyrights, trademarks and service marks, sales taxes, fair business practices and the requirement that data center equipment be located in the U.S.

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Institutions of higher education that grant degrees, diplomas, or certificates must be authorized by an appropriate state education agency or agencies. In addition, in certain states as a condition of continued authorization to grant degrees and in order to participate in various federal programs, including tuition assistance programs of the United States Armed Forces, a school must be accredited by an accrediting agency recognized by the U.S. Secretary of Education. Accreditation is a non-governmental process through which an institution submits to qualitative review by an organization of peer institutions, based on the standards of the accrediting agency and the stated aims and purposes of the institution. The Higher Education Act requires accrediting agencies recognized by the DOE to review and monitor many aspects of an institution's operations and to take appropriate action when the institution fails to comply with the accrediting agency's standards.

Our operations are also subject to regulation due to our participation in Title IV programs. Title IV programs, which are administered by the DOE, include loans made directly to students by the DOE. Title IV programs also include several grant programs for students with economic ~~and other needs~~ and other Title IV programs.

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Under DOE regulations, if an institution offers postsecondary education through distance education to students in a state in which the institution is not





Investigations by state attorneys general, Congress and governmental agencies regarding relationships between loan providers and educational institutions and their financial aid officers may result in increased regulatory burdens and costs.

In the past few years, the student lending practices of postsecondary educational institutions, financial aid officers and student loan providers were subject to several investigations being conducted by state attorneys general, Congress and governmental agencies. These investigations concern, among other things, possible deceptive practices in the marketing of private student loans and loans provided by lenders pursuant to Title IV programs. Higher Education Opportunity Act, or HEOA, contains new requirements pertinent to relationships between lenders and institutions. In particular, HEOA requires institutions to have a code of conduct, with certain specified provisions, pertinent to interactions with lenders of student loans, prohibits certain activities by lenders and guaranty agencies with respect to institutions, and establishes substantive and disclosure requirements for lists of recommended or suggested lenders of private student loans. In addition, HEOA imposes substantive and disclosure obligations on institutions that make available a list of recommended lenders of private student loans.

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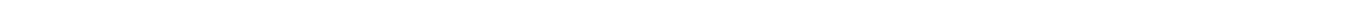
Furthermore, because the for-profit education sector is growing at such a rapid pace, it is possible that accrediting bodies will respond to that growth by adopting additional criteria, standards and policies that are intended to monitor, regulate or limit the growth of for-profit institutions like us. Actions by, or relating to, an accredited institution, including any change in the legal status, form of control, or ownership/management of the institution, any significant changes in the institution's financial position, or any significant growth or decline in enrollment and/or program offerings of an accredited institution to additional reviews by the DETC.

If a school fails to meet standards regarding "gainful employment," it may result in the loss of eligibility to participate in Title IV programs.

The DOE's regulations on gainful employment programs became effective July 1, 2012. Should a program fail the gainful employment metrics three times within a four-year period, the DOE would terminate the program's eligibility for federal student aid (i.e., students in the program would lose the ability to participate in Title IV programs), and the institution would not be able to reestablish the program's eligibility for at least three years, though the program could continue to operate without Title IV funding. The earliest a program could lose eligibility under the gainful employment rule will be 2015, based on its 2012, 2013, and 2014 performance under the metrics. Because the DOE's gainful employment rules will be implemented over several years and are based at least in part on data that is unavailable to us, it is not possible at this time to determine with any degree of certainty whether these new regulations will cause any of our programs to become ineligible to participate in the Title IV programs. However, under this new regulation, the continuing eligibility of our educational programs for Title IV funding is at risk due to factors beyond our control, such as changes in the actual or deemed income level of our graduates, changes in student borrowing levels, increases in interest rates, changes in the federal poverty income level relevant for calculating discretionary income, changes in the percentage of our former students who are current in repayment of their student loans, and other factors. In addition, even though deficiencies in the metrics may be correctable on a timely basis, the disclosure requirements to students following a failure to meet the standards may adversely impact enrollment in that program and may adversely impact the reputation of our educational institutions.

Our failure to obtain DOE approval, where required, for new programs that prepare students for gainful employment in a recognized occupation could materially and adversely affect our business.

Under the DOE regulations, an institution must notify the DOE at least 90 days before the first day of class when it intends to add a program that prepares students for gainful employment in a recognized occupation. The institution may proceed to offer the program, unless the DOE advises the institution that the DOE must approve the program for Title IV purposes. In addition, if the institution does not provide timely notice to the DOE regarding the additional program, the institution must obtain approval of the program for Title IV purposes. et up urposes.es din t





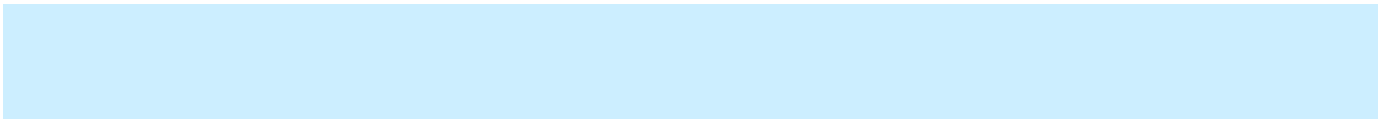
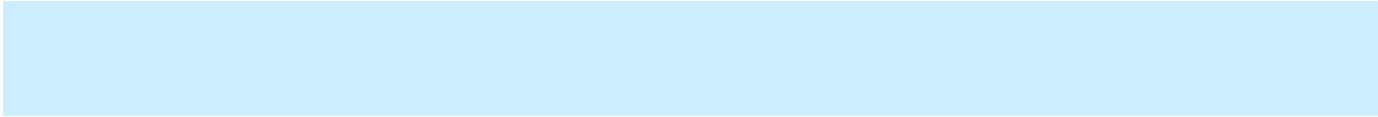




The gravamen of Mr. Spada's claims are that the officers and directors breached their fiduciary duty and defamed Mr. Spada by (a) including false and defamatory statements to the effect that Mr. Spada owes approximately \$2 million to A spen Group in various of A spen Group's SEC and DOE filings, (b) imprudently managed A spen Group's assets by spending too much money on certain marketing and promotional efforts and by using A spen Group's funds for expenses which were not intended to benefit A spen Group. Mr. Spada also claims that A spen Group breached two separate agreements with Mr. Spada and his company, one of which involved A spen Group agreeing to purchase certain shares of A spen stock under certain conditions, and one consulting agreement. As discussed below, A spen Group believes that none of these

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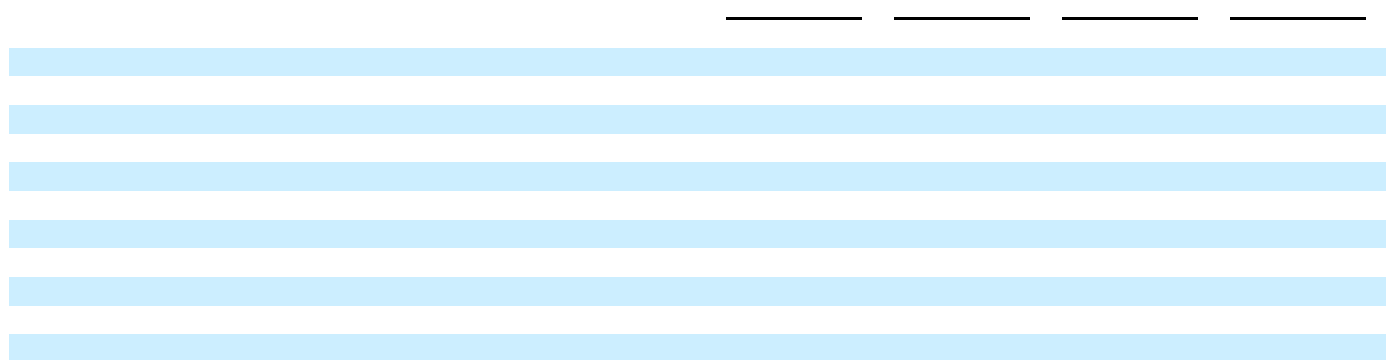






Our 2012 and 2011 revenues were impacted by the 2010 (and previous years) pre-payment tuition plan, or the Legacy Tuition Plan, which was discontinued on July 15, 2011. The Legacy Tuition Plan had students paying full-rate tuition for a degree program's first 4 courses (\$675/course) and a steeply discounted 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 contribution from Legacy Tuition Plan now demonstr

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## Costs and Expenses

### Instructional Costs and Services

Instructional costs and services for the year ended December 31, 2012 rose to \$2,926,837 from \$2,200,034 for the year ended December 31, 2011, an increase of 33%. The increase is primarily attributable to higher charges associated with non-capitalizable courseware costs and payments to faculty due to the increase in class completions. As student enrollment levels increase, instructional costs and services should rise commensurately. However, as Aspen increases its full-time degree-seeking student enrollments, the higher gross margins associated with such students should lead to the growth rate in instructional costs and services to lag that of overall revenues.

Revenues less instructional costs and services, a measure of the gross profit of Aspen operations, for the year ended December 31, 2012 declined to \$2,090,376 from \$2,277,897 for the year ended December 31, 2011, a decrease of 8%. Gross profit from Aspen's full-time degree-seeking students declined to \$1,785,030 for the year ended December 31, 2011 from \$1,946,899 for the year ended December 31, 2011, a decrease of 8%. A timing impact of the Legacy Tuition Plan was experienced in the second half of 2012 as Aspen's gross profit from full-time degree-seeking students fell at a year/year rate of 14% versus a 1% decline during the first half of 2012. This is because the second half of 2011 was affected by a large number of Legacy Tuition Plan students completing their initial four courses which contributed gross profits in contrast to later periods with a lower number of initial four courses taken by Legacy Tuition Plan students. After the initial four courses, gross profit from the Legacy Tuition Plan is immaterial. Gross profit growth is expected in 2013 as new full-time degree-seeking students

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Overall general and administrative costs are expected to experience moderate growth in 2013 from 2012 as the cost associated with state regulatory compliance and DOE reporting re











ITEM 9A. 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, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Internal Control over Financial Reporting

Based upon SEC interpretations and discussions with the Staff of the SEC, we concluded that we were not required to include management's assessment or an attestation report of our independent registered public accounting firm. Thus, this annual report does not include a report of management's assessment regarding internal control over financial reporting.

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## PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following executive officers and directors were appointed to their current positions with Aspen Group listed in the table in connection with the Reverse Merger. Except for Sanford Rich, who was appointed a director effective with the closing of the Reverse Merger, each person listed in the table had identical positions with Aspen.

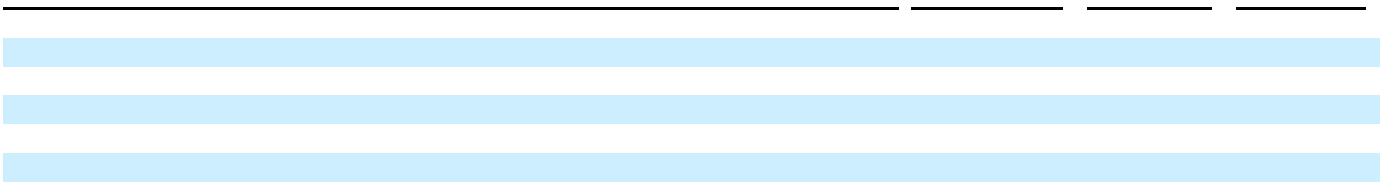
<u>Name</u>	<u>Age</u>	<u>Position</u>
Michael Mathews	51	Chief Executive Officer and Chairman of the Board
Gerald Williams	59	President
David Garrity	52	Chief Financial Officer
Angela Siegel	33	Executive Vice President of Marketing
Michael D'Anton	55	Director
C. James Jensen	72	Director
David Pasi	52	Director
Sanford Rich	55	Director
John Scheibelhoffer	51	Director
Paul Schneier	62	Director

Michael Mathews has served as Aspen's Chief Executive Officer and a director since May 2011. He served as Chief Executive Officer of interclick, inc. (Nasdaq: ICLK) from August 28, 2007 until January 31, 2011. From June 2007 until it was acquired by Yahoo, Inc. (NASDAQ: YHOO) in December 2011, Mr. Mathews also served as a director of interclick. From May 15, 2008 until June 30, 2008, Mr. Mathews served as the interim Chief Financial Officer of interclick. From 2004 to 2007, Mr. Mathews served as the senior vice-president of marketing and publisher services for World Avenue U.S.A., LLC, an Internet promotional marketing company. From March 2011 until October 2012, Mr. Mathews served as the Chairman and a consultant (and from December 1, 2011 through March 19, 2012 as Executive Chairman) for Wizard World, Inc. (Other OTC: WIZD). Mr. Mathews was selected to serve as a director due to his track record of success in managing early stage and growing businesses, his extensive knowledge of the Internet marketing industry and his knowledge of running and serving on the boards of public companies.

Gerald Williams has served as Aspen's President since March 2011. Dr. Williams functions as Aspen's chief academic officer and has responsibility for all educational matters. Since January 15, 2012, Dr. Williams has also served as the Dean of our School of Technology. Prior to January 1, 2012, Dr. Williams was a consultant beginning in March 2011 under a Consulting Agreement. From 2005 until 2010, Mr. Williams was an adjunct professor at the University of Missouri - Kansas City.

David Garrity has served as Aspen's Chief Financial Officer since June 2011. He served as Chief Financial Officer of interclick. He cannot be







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

Our compensation program for employees does not create incentives for excessive risk taking by our employees or involve risks that are reasonably likely to have a material adverse effect on us. Our compensation has the following risk-limiting characteristics:

- Our base pay programs consist of competitive salary rates that represent a reasonable portion of total compensation and provide a reliable level of income on a regular basis, which decreases incentive on the part of our executives to take unnecessary or imprudent risks;
- A portion of executive incentive compensation opportunity is tied to long-term incentive compensation that emphasizes sustained performance over time. This reduces any incentive to take risks that might increase short-term compensation at the expense of longer term company results.
- Awards are not tied to formulas that could focus executives on specific short-term outcomes;
- Equity awards may be recovered by us should a restatement of earnings occur upon which incentive compensation awards were based, or in the event of other wrongdoing by the recipient; and
- Equity awards, generally, have multi-year vesting which aligns the long-term interests of our executives with those of our shareholders and, again, discourages the taking of short-term risk at the expense of long-term performance.

## Section 16(a) Beneficial Ownership Reporting Compliance.

Not applicable.

## ITEM 11. EXECUTIVE COMPENSATION.

The following information is related to the compensation paid, distributed or accrued by us to our Chief Executive Officer (principal executive officer) and the two other most highly compensated executive officers serving at the end of the last fiscal year whose total compensation exceeded \$100,000. We refer to these persons as the "Named Executive Officers."

2012 Summary Compensation Table

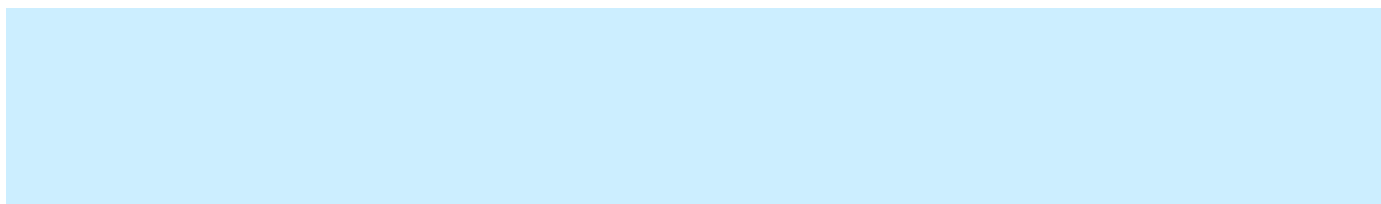
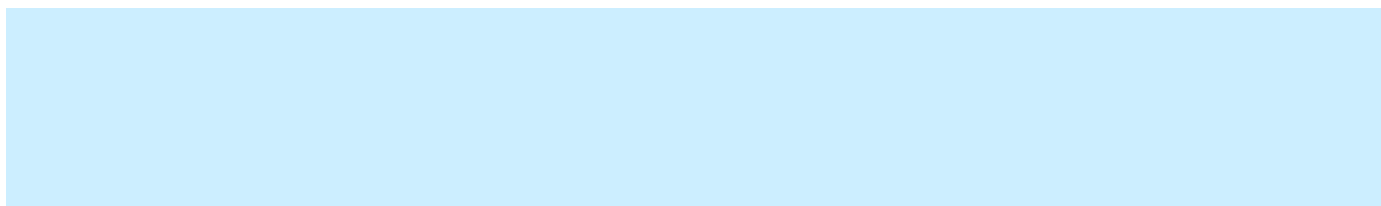
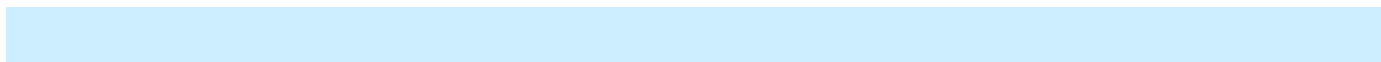
Name and Principal Position (a)	Year (b)	Salary (\$)(c)	Option Awards (\$)(f) (1)	Total (\$)(j)
Michael Mathews (2) Chief Executive Officer	2012	265,702	1,286,880	1,552,582
	2011	125,000	0	125,000
David Garrity (3) Chief Financial Officer	2012	264,269	70,000	334,269
Brad Powers (4) Former Chief Marketing Officer	2012	264,520	70,000	334,520



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Effective March 1, 2013, Brad Powers resigned as Chief Marketing Officer and as an employee of Aspen Group in order to pursue other business ventures. Mr. Powers has agreed to provide consulting services to Aspen Group for a two-year period. Under a Consulting Agreement, Mr. Powers will receive a fee of \$100,000 per year and hitwattattdat t ta la t la

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Expiration of Initial Term and Aspen Group does not renew	12 months base salary <sup>(2)</sup>	Three months base salary	12 months base salary <sup>(2)</sup>	Six months base salary
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(1) Generally, Good Reason in the above Agreements include the material diminution of the executives' duties, any material reduction in base salary without consent, the relocation of the geographical location where the executive performs services or any other action that constitutes a material breach by Aspen Group under the Employment Agreements.

(2) Any restricted stock or stock options held by the executive immediately vest upon occurrence of this event

(3) Our standard form option agreement provides that all options shall vest in the event of a Change of Control event. Change of Control generally means a shareholder acquires over 50% of Aspen Group's total voting power, the sale of substantially all of Aspen Group's assets, or a merger which results in Aspen Group's current shareholders owning or holding a controlling interest in the merged entity.

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Outstanding Equity Awards At 2012 Year-End

Listed below is information with respect to unexercised options for each Named Executive Officer as of December 31, 2012.

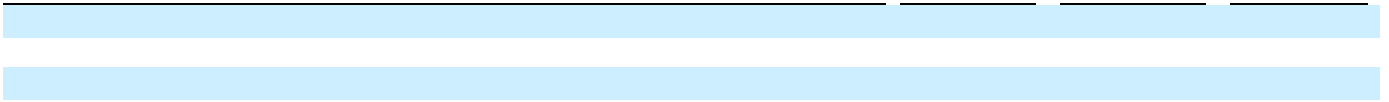
Outstanding Equity Awards At 2012 Year-End						
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	
Michael Mathews	0	300,000 <sup>(1)</sup>	0	0.35	March 15, 2017	
	0	2,876,800 <sup>(2)</sup>	23,200 <sup>(2)</sup>	0.35	September 4, 2017	
	0	500,000 <sup>(3)</sup>	0	0.35	March 22, 2017	
	288,911	0	0	0.35	October 23, 2017	
	166,666	0	0	0.35	October 23, 2017	
David Garrity	0	200,000 <sup>(1)</sup>	0	0.35	March 15, 2017	
	136,008	0	0	0.35	October 23, 2017	
	166,666	0	0	0.35	October 23, 2017	
Brad Powers	0	200,000 <sup>(1)</sup>	0	0.35	March 15, 2017	
	255,773	0	0	0.35	October 23, 2017	
	166,666	0	0	0.35	October 23, 2017	

(1) The options vest in three equal increments on March 14, 2013, 2014 and 2015.

(2) The options were subject to Aspen Group raising \$3.5 million in its private placement offerings. As of December 31, 2012, Aspen Group raised a total of \$3,472,000 and therefore 2,876,800 options were earned by Mr. Mathews as of that date. From December 31, 2012 to the filing date of this report, Aspen Group raised an additional \$565,000. As of the filing date of this report, all 2,900,000 options had been earned. The options vest in equal increments on September 4, 2013, 2014, 2015 and 2016.

(3) The options vest in three equal increments on March 20, 2013, 2014 and 2015.

Equity Compensation









- (3) Mr. Garrity is our Chief Financial Officer. Includes: (i) 369,341 vested stock options and (ii) 25,000 shares underlying warrants.
  - (4) Mr. Powers is our former Chief Marketing Officer. Includes 489,106 vested stock options.
  - (5) Dr. D'Antonio is a director. Includes 113,358 shares of common stock and 51,429 shares underlying warrants held as custodian for the benefit of Dr. D'Antonio's children. Also includes 96,190 vested stock options.
  - (6) Mr. Jenson is a director. Includes (i) 150,000 shares underlying warrants and (ii) 33,333 vested stock options.
  - (7) A director. Includes 33,333 vested stock options.
  - (8) Dr. Scheibelhoffer is a director. Includes 128,121 shares of common stock and 51,429 shares underlying warrants held as custodian for the benefit of Dr. Scheibelhoffer's children. Also includes 33,333 vested stock options.
  - (9) Mr. Schneier is a director. Includes (i) 50,000 shares underlying warrants and (ii) 33,333 vested stock options.
  - (10) In accordance with SEC rules, includes securities held by executive officers who are not Named Executive Officers.
  - (11) Higher Education Management Group, Inc., or HEMG, is an entity controlled by Aspen's former Chairman, Patrick Spada. A total of 772,793 shares of Aspen Group common stock are pledged to Aspen to secure payment of \$772,793 originally due in December 2013, and now due in 2014. The shares not pledged to Aspen are subject to a lien which is further described under Item 13 below.
- HEMG is a special purpose vehicle created to pay a \$772,793 debt obligation of Aspen. HEMG is a wholly owned subsidiary of Aspen. 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 61). Therefore, Aspen Group does not believe that it has any exposure to liability from these matters. Aspen Group is relying on its legal counsel that it has an



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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of the report

(1) Financial Statements, including Consolidated Financial Statements, which appears on page F-1 hereof. The financial statements listed in the accompanying Index to Consolidated Financial Statements are filed herewith in response to this Item.

(2) Financial statements, including consolidated financial statements, which are filed herewith in response to this Item.







Aspen Group, Inc. and Subsidiaries Index to Consolidated Financial Statements

	<u>Page</u>
Financial Statements	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2012 and 2011	F-3
Consolidated Statements of Operations for the years ended December 31, 2012 and 2011	F-4
Consolidated Statements of Changes in Stockholders' Equity (Deficiency) for the years ended December 31, 2012 and 2011	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011	F-6
Notes to Consolidated Financial Statements	F-7



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.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Aspen Group, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has a net loss allocable to common stockholders and net cash used in operating activities in 2012 of \$6,048,113 and \$4,403,361, respectively, and has an accumulated deficit of \$11,337,104 as of December 31, 2012. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's Plan in regards to these matters is also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Salberg & Company, P.A.

SALBERG & COMPANY, P.A.  
Boca Raton, Florida  
March 18, 2013

2295 NW Corporate Blvd., Suite 240 • Boca Raton, FL 33431-7328  
Phone: (561) 995-8270 • Toll Free: (866) CPA-8500 • Fax: (561) 995-1920  
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Member National Association of Certified Valuation Analysts • Registered with the PCAOB  
Member CPA Connect with Affiliated Offices Worldwide • Member AICPA Center for Audit Quality

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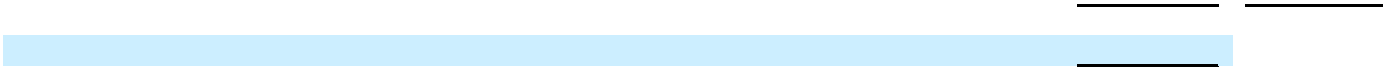
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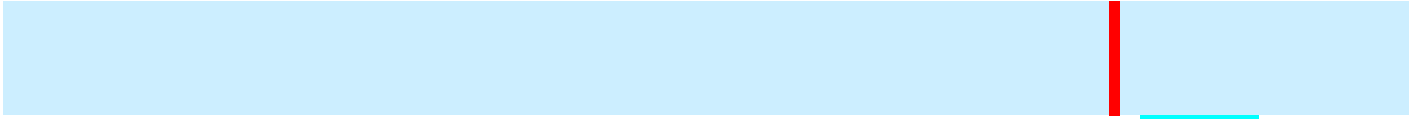
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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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.

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 ("DETC"), a national accrediting agency recognized by the U.S. Department of Education (the "DOE").

Merger with Education Growth Corporation

On May 19, 2011, the Company closed a c.

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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 and the valuation allowance on deferred tax assets.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity 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 to participate in Title IV programs in a state that has been determined to be a state of emergency. As 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



ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

Category	Depreciation Term
Call center equipment	5 years
Computer and office equipment	5 years
Furniture and fixtures	7 years
Library (online)	3 years
Software	5 years
Vehicle	5 years

Costs incurred to develop internal-use software during the preliminary project stage are expensed as incurred. Internal-use software development costs are capitalized during the application development stage, which is after: (i) the preliminary project stage is completed; and (ii) management authorizes and commits to funding the project and it is probable the project will be completed and used to perform the function intended. Capitalization ceases at the point the software project is substantially complete and ready for its intended use, and after all substantial testing is completed. Upgrades and enhancing . Upgrad

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

In addition to the above common stock equivalents, the Company had outstanding preferred shares (Series A through E) that were contingently convertible into common shares upon it becoming an SEC reporting company. There were an aggregate of 15,403,006 preferred shares contingently convertible into 13,677,274 common shares for the years ended December 31, 2011 that could have been potentially dilutive in the future. As a result of its merger with Aspen Group, Inc., on March 13, 2012 (the SEC Reporting Date), the Company became subject to SEC reporting requirements. Accordingly, all of the preferred shares were automatically converted into common shares on that date (See Notes 11 and 12).

Segment Information

The Company operates in one reportable segment as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs of its online students regardless of geography. The Company's chief operating decision makers, its CEO and President, manage the Company's operations as a whole, and no revenue, expense

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

A amortization expense of courseware for the years ended D ecember 31, 2012 and 2011 was \$141,560 and \$178,420, respectively.

The following is a schedule of estimated future amortization expense of courseware at D ecember 31, 2012:

Year Ending December 31,	
2013	\$ 120,819
2014	77,757
2015	39,616
2016	12,738
2017	2,641
Total	<u>\$ 253,571</u>

Note 7. A ccrued E xpenses

A ccrued expenses consisted of the following at D ecember 31, 2012 and D ecember 31, 2011:

	December 31, 2012	December 31, 2011
A ccrued compensation	\$ 50,923	\$ 33,930
A ccrued settlement payable	-	40,000
O ther accrued expenses	210,384	93,598
A ccrued expenses	<u>\$ 261,307</u>	<u>\$ 167,528</u>

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

Note 8. L oans Payable

During 2009, the Company received advances aggregating \$200,000 from three individuals. O f the total funds received, \$50,000 was received from a related party. F rom 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. A s of D ecember 31, 2011, the entire balance of the loans payable is included in long-term liabilities as the Company, in F ebruary 2012, has converted the loans into long-term convertible notes payable (See N otes 9 and 15).

Note 9. N otes Payable

Notes Payable – Related Party

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 for notes payable bearing interest at 18% per annum. The notes were due in October 2009 and became demand notes at that time. D uring the year ended D ecember 31, 2011, interest expense of \$2,393 was recognized on the notes. D uring the year ended D ecember 31, 2011, the remaining principal balance of \$25,000 due on the notes payable was repaid and no further amount is due (See N ote 15).

During A pril 2012, the Company received \$22,000 from a director of the Company in exchange for a note payable bearing interest of 10%, due on demand. O n N ovember 21, 2012, the director forgave a \$22,000 note receivable from the Company in exchange for 62,857 five-year vested non-Plan stock options exercisable at \$0.35 per share. N o gain was recognized as the settlement was between the Company and related parties. O n January 16, 2013, these options were modified to be Plan options (See N otes 12, 15 and 16).

ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

Convertible Notes Payable

On March 6, 2011, the Company authorized the issuance of up to \$350,000 of convertible notes that were convertible into Series B preferred shares at \$0.95 per share, bearing interest of 6% per annum. The notes were convertible beginning after the closing of the EGC Merger (See Note 1). As of May 13, 2011, the Company had received an aggregate of \$328,000 (of which \$73,000 was received from related parties) from the sale of convertible notes. The Company evaluated the convertible notes and determined that for the amount convertible into Series B preferred shares, there was no potential conversion value to record. In addition, the Company issued an aggregate of \$22,000 (of which \$16,000 was to related parties) of convertible notes for services rendered. In May 2011, \$350,000 of the convertible notes were converted into 368,411 Series B preferred shares (See Notes 12 and 15).

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 the Company's common stock and convertible debt of the Company. The notes met 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 and 15).

On February 25, 2012, February 27, 2012 and February 29, 2012, loans 012 and 013 were assumed.



ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

Future maturities of notes payable are as follows:

Year Ending Dece
[REDACTED]
[REDACTED]

[REDACTED]
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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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 Proceedings

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. 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

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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

#### Return of Title IV Funds

An institution participating in Title IV programs must correctly calculate the amount of unearned Title IV program funds that have been disbursed to students who withdraw from their educational programs before completion and must return those unearned funds in a timely manner, generally within 45 days of the date the school determines that the student has withdrawn. Under Department regulations, failure to make timely returns of Title IV program funds for 5% or more of students sampled on the institution's annual compliance audit in either of its two most recently completed fiscal years can result in the institution having to post a letter of credit in an amount equal to 25% of its required Title IV returns during its most recently completed fiscal year. If unearned funds are not properly calculated and returned in a timely manner, an institution is also subject to monetary liabilities or an action to impose a fine or to limit, suspend or terminate its participation in Title IV programs.

#### Delaware Approval to Confer Degrees

Aspen University is a Delaware corporation. Delaware law requires an institution to obtain approval from the Delaware Department of Education ("Delaware DOE") before it may incorporate with the power to confer degrees. On July 3, 2012, Aspen University received notice from the Delaware DOE that it is granted provisional approval status effective until June 30, 2015. Aspen University is authorized by the Colorado Commission on Education to operate in Colorado as a degree granting institution.

#### Unauthorized Borrowings

During 2005 through 2011, the Company advanced funds without board authority to both Patrick Spada (former Chairman of the Company) and HEMG, of which Patrick Spada is President. The amount of unauthorized borrowings during the year ended December 31, 2011 was \$14,876, which has been expensed as a loss due to unauthorized borrowing, a non-operating item (See Note 15).

#### Letter of Credit

The Company maintains a letter of credit under a DOE requirement (See Note 2 "Restricted Cash").

#### Note 11. Temporary Equity

During 2011, the Company sold an aggregate of 850,395 Series A preferred shares in exchange for cash proceeds of \$809,900 (of which \$230,000 was received from then related parties). The Series A shares had the following features: (i) equal voting rights as the common shares; (ii) automatically convert to common shares at the time the Company is required to file Forms 10-Q and 10-K with the SEC (the "SEC Reporting Date"); (iii) a conversion ratio of 1 share of common for each share of Series A; (iv) until the SEC Reporting Date, transfer restricted to permitted transfers; (v) until the SEC Reporting Date, price protection should any common stock of the Company drop below the price of \$809,900 of Series A. Weighted average of 1 share





ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

On May 20, 2011, as part of a post-closing transaction of the merger with EGC, the Company's largest stockholder exchanged all 11,307,450 common shares owned into 11,307,450 Series C shares. The Series C shares had the following features: (i) equal voting rights as the common shares; (ii) automatically convert to common shares at the time the Company is required to file Forms 10-Q and 10-K with the SEC (the "SEC Reporting Date"); (iii) a conversion ratio of 0.8473809 shares of common for each share of Series C; (iv) until the SEC Reporting Date, transfer

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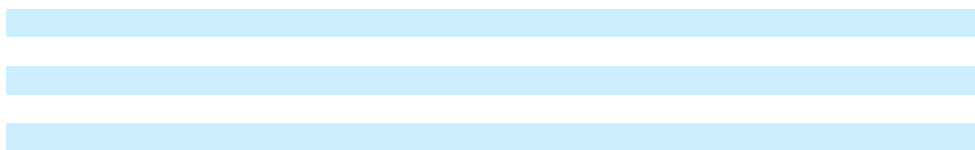




ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

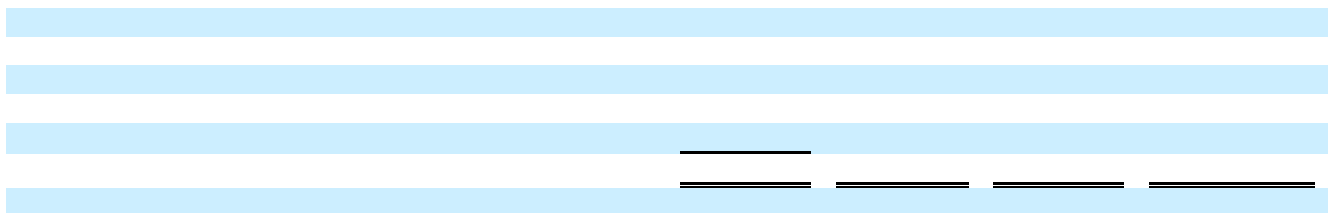
On December 17, 2012, the Company

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

At December 31, 2012, the Company had \$9,849,068 of net operating loss carryforwards which will expire from 2029 to 2032. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for unrecor<sup>a</sup>

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

At December 31, 2012 and 2011

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ASPEN GROUP, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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 10).

During 2011, the Company sold an aggregate of 850,395 Series A preferred w

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BUSINESS CONSULTING SERVICES AGREEMENT

This Business Consulting Services Agreement (the "Agreement") is entered into effective as of March 1, 2013 (the "Effective Date") by and between Aspen Group, Inc., a Delaware corporation (the "Company"); Brad Powers and GT Marketing Group, LLC (collectively the "Consultant"). (Each of the Company and the Consultant are hereinafter a "Party" and collectively the "Parties").

WHEREAS, the Consultant has been employed by the Company as Chief Marketing Officer under that certain Employment Agreement dated May 19, 2011, as amended (the "Employment Agreement"); and

WHEREAS, the Consultant and the Company mutually agree and are desirous to terminate the Consultant's employment with the Company and the Employment Agreement in order to provide the Consultant with the ability to pursue other business ventures; and

WHEREAS, the Company desires to continue to retain the services of the Consultant and the Consultant is desirous and willing to accept such service arrangement 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 Consultant agree as follows:

1. Engagement. The Company hereby engages and retains the Consultant and the Consultant hereby agrees to render services upon the terms and conditions hereinafter set forth. As of the Effective Date, Brad Powers resigns as Chief Marketing Officer and as an employee of the Company.
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4. Compensation/Expenses

(a) Compensation. In consideration for the Services to be rendered by the Consultant under this Agreement, the Company during the Initial Term shall pay the Consultant a fee of \$100,000 per year payable monthly. The Consultant shall provide monthly invoices accompanied by a monthly statement generally detailing the services provided by the Consultant during the prior month. During any Renewal Term, the Company and the consultant shall mutually agree upon the Consultant's compensation, which shall not be less than the compensation paid in the initial Term.

(b) Options. The stock options (the "Options") held by the Consultant as of the Effective Date shall continue to T p t vi- 8

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(b) Legitimate Business Interests. The Consultant recognizes that the Company has legitimate business interests to protect and as a consequence, the Consultant 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 and valuable confidential business or professional information that otherwise does not qualify as trade secrets, including all Confidential Information; (ii) substantial relationships with specific prospective or existing customers or clients; (iii) customer goodwill associated with the Company's business; and (iv) specialized training relating to the Company's business, technology, methods and procedures.

(c) Confidentiality. The Confidential Information shall be held by the Consultant in the strictest confidence and shall not, without the prior written consent of the Company, be disclosed to any person other than in connection with the Consultant's Services.

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12. 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 overnight delivery, as follows:

If to the Company: Aspen Group, Inc.  
224 W. 30th Street, Suite 604  
New York, NY 10001  
Attention: Michael Mathews, CEO  
Email: michael.mathews@aspen.edu

With a copy to: Nason, Yeager, Gerson, White & Lioce, P.A.  
1645 Palm Beach Lakes Blvd., Suite 1200  
West Palm Beach, FL 33401  
Attention: Michael D. Harris, Esq.  
Email: mharris@nasonyeager.com

If to the Recipient: GT Marketing Group, LLC  
Brad Powers  
45 Broadway, Suite 2230  
New York, N.Y. 10006

With a copy to: George Cacoulidis, Esq.  
590 Madison Avenue, 21<sup>st</sup> Floor  
New York, N.Y. 10022

Or to such other address as either of them, by notice to the other may designate from time to time. Time shall be counted to, or from, as the case may be, the delivery in person or by mailing.

13. 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, facsimile or pdf signature.

14. Attorney's 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 a reasonable attorney's fee, costs and expenses.

15. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, and the obligations provided therein or performance shall be governed or interpreted according to the internal laws of the State of New York without regard to choice of law considerations.

16. Exclusive Jurisdiction and Venue. Any action brought by either party against the other concerning the transactions contemplated by or arising under this Agreement shall be brought only in the state or federal courts of New York and venue shall be in New York County or appropriate federal district and division. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens.

17. 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. State o

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

COMPANY :

ASPEN GROUP, INC.

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

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(Print) \_\_\_\_\_

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(Print) \_\_\_\_\_

CONSULTANT :

By: /s/ Brad Powers  
Brad Powers

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(Print) \_\_\_\_\_

\_\_\_\_\_  
(Print) \_\_\_\_\_

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that

1. I have reviewed this annual report on Form 10-K of Aspen Group, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-d1) c
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(Principal Executive Officer)



## CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David Garrity, certify that

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

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

In connection with the annual report of Aspen Group, Inc. (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. I am not aware of any material misstatements or omissions in the Company's financial statements for the period ended December 31, 2012, and

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Date: March 18, 2013