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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the

INDEX

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	July 31, 2013	April 30, 2013
	(Unaudited)	
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities		
Accounts payable		
Accounts receivable		
Prepaid expenses		
Other		
Total		
Non-current liabilities		
Long-term debt		
Other		
Total		
Total liabilities		
Stockholders' Equity		
Preferred stock		
Common stock		
Retained earnings		
Total		
Total stockholders' equity		
Total liabilities and stockholders' equity		



ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
FOR THE THREE MONTHS ENDED JULY 31, 2013
(Unaudited)

			Additional			Total Stockholder
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	July 31,	
	2013	2012
Cash flows from operating activities:		
Net loss	\$ (1,105,576)	\$ (1,752,227)
Less income (loss) from discontinued operations	22,263	90,043
Loss from continuing operations	(1,127,839)	(1,842,270)
Adjustments to reconcile net loss to net cash used in operating activities:	yy	n
Bad debt expense	13,837	51,521
Receivable collateral valuation reserve	-	309,117
Depreciation and amortization	109,435	98,571
Stock-based compensation	149,356	52,701
Amortization of prepaid shares for services	25,060	521
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ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2013
(Unaudited)

2. Discontinued Operations

As of March 31, 2013, the Company decided to discontinue business activities related to its "Certificate in Information Technology with a specialization in Smart Home Integration" program so that it may focus on growing its full-time, degree-seeking student programs, which have higher gross margins. On April 5, 2013, the Company gave 120-day notice to CLS 123, LLC of its intent to terminate the agreement between the Company and CLS 123, LLC dated November 9, 2011. Thus, as of August 3, 2013, the Company shall no longer be offering the "Certificate in Information Technology with a specialization in Smart Home Integration" program. The termination of the "Smart Home Integration Certificate" program qualifies as a discontinued operation and accordingly the Company has excluded results for this component from its continuing operations in the condensed consolidated statements of operations for all periods presented. The following table shows the results of the "Smart Home Integration Certificate" program component included in the income (loss) from discontinued operations:

	For the Three Months Ended July 31,	
	2013	2012
Revenues	\$ 222,625	\$ 659,790
Costs and expenses:		
Instructional costs and services	200,362	569,747
Total costs and expenses	200,362	569,747
Income (loss) from discontinued operations, net of income taxes	\$ 22,263	\$ 90,043

The major classes of assets and liabilities of discontinued operations on the balance sheet are as follows:

	July 31, 2013	April 30, 2013
Assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net of allowance of \$295,045 and \$295,045, respectively	257,322	113,822
Other current assets	-	-
Net assets from discontinued operations	\$ 257,322	\$ 113,822
Liabilities		
Accounts payable	\$ 1,178	\$ 1,178
Accrued expenses	202,389	70,201
Deferred revenue	129,250	53,125
Net liabilities from discontinued operations	\$ 332,817	\$ 124,504

Going Concern

The Company had a net loss of \$1,105,576 and negative cash flows from operations of \$1,013,268 for the three months ended July 31, 2013. While management expects operating trends to improve over the course of 2013, if the realization of the expected improvement fails to occur, it is possible the Company's ability to continue as a going concern may be contingent on securing additional debt or equity financing from outside investors. These matters raise substantial doubt about the Company's ability to continue as a going concern.



ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2013
(Unaudited)

Note 3. Secured Note and Accounts Receivable – Related Parties

On March 30, 2008 and December 1, 2008, the Company sold courseware pursuant to marketing agreements to HEMG, a related party and principal stockholder of the Company whose president is Mr. Patrick Spada, the former Chairman of the Company, in the amount of \$455,000 and \$600,000, respectively; UCC filings were filed accordingly. Under the marketing agreements, the receivables are due net 60 months. On September 16, 2011, HEMG pledged 772,793 Series C preferred shares (automatically converted to 654,850 common shares on March 13, 2012) of the Company as collateral for this account receivable. On March 8, 2012, due to the impending reduction in the value of the collateral as the result of the Series C conversion ratio and the Company's inability to engage Mr. Spada in good faith negotiations to increase HEMG's pledge, Michael Mathews, the Company's CEO, pledged 117,943 common shares of the Company, owned personally by him, valued at \$1.00 per share based on recent sales of capital stock as additional collateral to the accounts receivable, secured – related party. On March 13, 2012, the Company deemed the receivables stemming from the sale of courseware curricula to be in default. On April 4, 2012, the Company entered into an agreement with: (i) an individual, (ii) HEMG, a related party and principal stockholder of the Company whose president is Mr. Patrick Spada, the former Chairman of the Company and (iii) Mr. Patrick Spada. Under the agreement, (a) the individual purchased and HEMG sold to the individual 400,000 common shares of the Company at \$0.50 per share; (b) the Company guaranteed it would purchase at least 600,000 common shares of the Company at \$0.50 per share within 90 days of the agreement and the Company would use its best efforts to purchase from HEMG and resell to investors an additional 1,400,000 common shares of the Company at \$0.50 per share within 180 days of the agreement; (c) provided HEMG and Mr. Patrick Spada fulfilled their obligations under (a) and (b) above, the Company shall consent to additional private transfers by HEMG and/or Mr. Patrick Spada of up to 500,000 common shares of the Company on or before March 13, 2013; (d) HEMG agreed to not sell, pledge or otherwise transfer 142,500 common shares of the Company pending resolution of a dispute regarding the Company's claim that HEMG sold 131,500 common shares of the Company without having enough authorized shares and a stockholder did not receive 11,000 common shares of the Company owed to him as a result of a stock dividend; and (e) the Company waived any default of the accounts receivable, secured - related party and extend the due date to September 30, 2014. As of September 30, 2012, third party investors purchased 336,000 shares for \$168,000 and the Company purchased 264,000 shares for \$132,000 per section (b) above. Based on proceeds received on September 28, 2012 under a Unit private placement that equates to approximately \$0.35 per common share, the value of the aforementioned collateral decreased. Accordingly, as of December 31, 2012, the Company has recognized an allowance of \$502,315 for this account receivable. As of July 31, 2013 and April 30, 2013, the balance of the account receivable, net of allowance, was \$270,478, based on continuing private placement sales equating to approximately \$0.35 per share, and is shown as accounts receivable, secured – related party, net (See Note 10).

Note 4. Property and Equipment

Property and equipment consisted of the following at July 31, 2013 and April 30, 2013:

	July 31, 2013	April 30, 2013
Call center equipment	\$ 121,313	\$ 121,313
Computer and office equipment	64,336	61,036
Furniture and fixtures	32,914	32,914
Library (online)	100,000	100,000
Software	1,619,226	1,518,142
	1,937,789	1,833,405
Accumulated depreciation and amortization	(648,629)	(569,665)
Property and equipment, net	<u>\$1,289,160</u>	<u>\$1,263,740</u>

Depreciation and amortization expense for the three months ended July 31, 2013 and July 31, 2012 was \$78,694 and \$62,994, respectively.

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ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2013
(Unaudited)

Note 7. Convertible Notes Payable

On February 25, 2012, February 27, 2012 and February 29, 2012, loans payable of \$100,000, \$50,000 and \$50,000, respectively, were converted into two-year convertible promissory notes, bearing interest of 0.19% per annum. Beginning M



ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2013
(Unaudited)

The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term, expected dividend yield rate over the expected option term, and an estimate of expected forfeiture rates. The Company believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes compensation on a straight-line basis over the requisite service period for each award. The following table summarizes the assumptions the Company utilized to record compensation expense for stock options granted to employees during the three months ended July 31, 2013:

Assumptions	July 31, 2013
Expected life (years)	3.5
Expected volatility	46.5%
Weighted-average volatility	46.5%
Risk-free interest rate	0.38%
Dividend yield	0.00%
Expected forfeiture rate	3.9%

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

A summary of the Company's stock option activity for employees and directors during the three months ended July 31, 2013 is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2013	7,344,381	\$ 0.35		
Granted	1,536,211	\$ 0.35		
Exercised	-			
Forfeited	(40,000)	\$ 0.35		
Expired	-			
Balance Outstanding, July 31, 2013	<u>8,840,592</u>	<u>\$ 0.35</u>	<u>4.2</u>	<u>\$ -</u>
Exercisable, July 31, 2013	<u>2,051,998</u>	<u>\$ 0.35</u>	<u>4.1</u>	<u>\$ -</u>

The weighted-average grant-date fair value of options granted to employees during the three months ended July 31, 2013 was \$0.12.

As of July 31, 2013, there was \$494,292 of total unrecognized compensation costs related to nonvested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 4.23 years.

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2013
(Unaudited)

Stock Option Grants to Non-Employees

On March 15, 2012, the Company granted 175,000 stock options to non-employees, all of which were under the Plan, having an exercise price of \$1.00 per share. The options vest pro rata over three years on each anniversary date; all options expire five years from the grant date. The total fair value of the stock options granted was \$57,750, all of which was recognized immediately as these stock options were issued for prior services rendered. On December 17, 2012, the Company repriced the stock options issued from having an exercise price of \$1.00 per share to \$0.35 per share. Accordingly, the incremental increase in the fair value of \$15,750 was recognized immediately.

There were no stock options granted to non-employees during the three months ended July 31, 2013. The Company recorded compensation expense of \$748 and \$0 for the three months ended July 31, 2013 and 2012, in connection with non-employee stock options.

The following table summarizes the assumptions the Company utilized to record compensation expense for stock options granted to non-employees during the three months ended July 31, 2013:

Assumptions	July 31, 2013
Expected life (years)	N/A
Expected volatility	N/A
Weighted-average volatility	N/A
Risk-free interest rate	N/A
Dividend yield	N/A

A summary of the Company's stock option activity for non-employees during the three months ended July 31, 2013 is presented below:

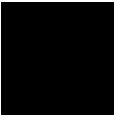
Options	Number of Shares	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2013	270,000	\$ 0.35		
Granted	-	\$ -		
Exercised	-			
Forfeited				
Expired	-			
Balance Outstanding, July 31, 2013	<u>270,000</u>	<u>\$ 0.35</u>	<u>4.3</u>	<u>\$ -</u>
Exercisable, July 31, 2013	<u>47,250</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2013
(Unaudited)

Note 11. Subsequent Events

In September 2013, the Company and an institutional investor (the "Institutional Investor") signed a Term Sheet with respect to a loan of up to \$2,240,000 to be evidenced by 18 month original issue discount convertible debentures (the "Debentures") with gross proceeds of \$2,000,000. The investor has agreed, subject to completion of due diligence, execution of a definitive Securities Purchase Agreement and customary closing conditions to lend the Company \$1,500,000. Payments on the Debentures are due 25% on November 1, 2014, 25% on January 1, 2015 and the remaining 50% on April 1, 2015 as a final payment. The Company has the option to pay the interest or principal in stock subject to certain "Equity Conditions" such as giving notice of its intent 20 trading days beforehand. The Company expects to receive the remaining \$500,000 from other investors. To this end, in September 2013 Company entered into an engagement agreement with Laidlaw & Co. ("Laidlaw") to act as placement agent for the offering and receive customary compensation. Laidlaw has introduced the Institutional Investor. In addition, in September 2013 the Company entered into a letter of intent with Olympus Securities, LLC to raise the remaining \$740,000. The Company has the right to terminate the letter of intent if the offering is not completed by the end of the 30 day period.



Costs and Expenses

General and Administrative

General and administrative costs for the 2013 Quarter were \$1,373,056 compared to \$1,393,282 during the 2012 Quarter, a decrease of \$20,225 or 2%. Although the difference is only \$20,225, several components have changed significantly year over year. Professional accounting fees declined \$89,533 during the 2013 Quarter as compared to 2012 Quarter, particularly as a result of reducing accounting consulting fees and reduced audit fees related to various reporting requirements. Offsetting the reduced professional expense were Investor Relations fees of \$59,010 in 2013 Quarter as well as Aspen's biannual formal graduation ceremony in July 2013. Investor relations fees increased 100% over the 2012 Quarter and graduation expenses were \$24,789, an increase of 100% over 2012 Quarter. Payroll expense in 2013 Quarter was up \$5,252,000. Offsetting these increases was a \$112,527 decrease or 62% in consulting expense reflecting the hiring of third parties to perform important functions. Stock based compensation included in general and administration expense increased by \$96,655 or 83% as a stock option grants under the 2012 Equity Incentive Plan.

Overall general and administrative costs are expected to experience moderate growth in fiscal 2014 from fiscal 2013 as the cost associated with

Discontinued Operations

As of March 31, 2013, Aspen Group discontinued business activities related to its agreement with CLS. See Note 1 of the unaudited consolidated financial statements contained herein. The following table details the results of the discontinued operations for the 2013 Quarter and 2012 Quarter:

	For the Three Months Ended July 31,	
	2013	2012
	(Unaudited)	
Revenues	\$ 222,625	\$ 659,790
Costs and expenses:		
Cost of revenue	200,362	569,747
Total costs and expenses	200,362	569,747
Income (loss) from discontinued operations, net of income taxes	\$ 22,263	\$ 90,043

Non-GAAP – Financial Measures

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

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

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before interest expense, income taxes, bad debt expense, depreciation and amortization, and amortization of stock-based compensation. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

Aspen Group defines Gross Profit (exclusive of depreciation and amortization), a non-GAAP financial measure, as revenues less cost of revenues (instructional costs and services and marketing and promotional costs) excluding the amortization of courseware and software. This measure excludes non-cash items and permits our management to focus on core operating results.

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

Accounts Receivable and Allowance for Doubtful Accounts Receivable

All students are required to select both a primary and secondary payment option with respect to amounts due to Aspen for tuition, fees and other expenses. The most common payment option for Aspen's students is personal funds or payment made on their behalf by an employer. In instances where a student selects financial aid as the primary payment option, he or she often selects personal cash as the secondary option. If a student who has selected financial aid as his or her primary payment option withdraws prior to the end of a course but after the date that Aspen's institutional refund period has expired, the student will have incurred the obligation to pay the full cost of the course. If the withdrawal occurs before the date at which the student has earned 100% of his or her financial aid, Aspen will have to return all or a portion of the Title IV funds to the DOE and the student will owe Aspen all amounts incurred that are in excess of the amount of financial aid that the student earned and that Aspen is entitled to retain. In this case, Aspen must collect the receivable using the student's second payment option.

For accounts receivable from students, Aspen records an allowance for doubtful accounts for estimated losses resulting from the inability, due to a refusal of the student to make required payments, which would otherwise result in the loss of financial aid funds advanced as a student for amounts in excess of the student's cost of tuition and related fees. Aspen determines the adequacy of its allowance for doubtful accounts using a general reserve method based on an analysis of its historical bad debt experience, current economic trends and its experience, amounts using general



Cautionary Note Regard



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EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
2.1	Certificate of Merger	8-K	3/19/12	2.1	
2.2	Agreement and Plan of Merger	8-K	3/19/12	2.2	
2.3	Agreement and Plan of Merger - DE Reincorporation	8-K	3/19/12	2.3	
2.4	Articles of Merger - DE Reincorporation	8-K	3/19/12	2.4	
2.5	Certificate of Merger - DE Reincorporation	8-K	3/19/12	2.5	
3.1	Certificate of Incorporation, as amended	8-K	3/19/12	2.6	
3.2	Bylaws	8-K	3/19/12	2.7	
3.3	Certificate of Incorporation - Acquisition Sub	8-K	3/19/12	2.8	
3.4	Articles of Amendment to FL Articles of Incorporation	8-K	3/19/12	2.9	
3.5	Articles of Amendment to FL Articles of Incorporation	8-K	6/20/11	3.3	
3.6	FL Articles of Incorporation	S-1/A	5/5/10	3.1	
10.1	Supplemental Proxy Note dated July 1, 2011				

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the price paid per share by the successor corporation. For example, if the successor corporation pays \$2.00 per share and your exercise price is \$0.50, if you hold 1,000 options, the Company will issue you 750 shares immediately prior to the Change of Control event. If the successor corporation pays a price per share which is below the exercise price under Section 2, then the Options will terminate immediately upon the Change of Control event if they are not assumed.

(b) Subject to Section 24 of the Plan, any of the Options may be exercised prior to and until 6:00 p.m. New York time seven years from the Grant Date (the "Expiration Date").

(c) Notwithstanding any other provision of this Agreement, upon resolution of the Board or the Committee (as defined in the Plan), the Options shall be immediately forfeited if any of the events specified in Sections 24(a) or (b) of the Plan, as applicable, occur.

4. Termination of Relationship. The Options granted hereunder shall be subject to the termination provisions under Sections 10 and 11 of the Plan.

5. Profits on the Sale of Certain Shares Redemption. The Options granted hereunder shall be subject to the redemption provisions under Section 24(c) of the Plan.

6. Method of Exercise. The Options shall be exercisable by a written request to the "Expiration Date"

(a)

(b)

(c)

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(a)

(b)

(c)

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The Optionee:

The Company: Aspen Group, Inc.
224 West 30th Street, Suite 604
New York, New York 10001
Attention: Michael Mathews

with a copy to: Michael D. Harris, Esq.
Nason, Yeager, Gerson, White & Lioce, P.A.
1645 Palm Beach Lakes Blvd.,
Suite 1200
West Palm Beach, FL 33401

or to such other address as either of them, by notice to the other may designate from time to time.

19. 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 attorneys' fees, costs and expenses.

20. Governing Law

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(a)

(b) The Company shall not be required (i) to transfer on its books any shares of the Company's common stock that have been sold or otherwise transferred in violation of any of the provisions of the Plan or the Agreement or (ii) to treat the owner of such shares of common stock or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such shares of common stock shall have been so transferred.

25. 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.

IN WITNESS WHEREOF the parties hereto have set their hand and seals the day and year first above written.

WITNESSES:

ASPEN GROUP, INC.

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

OPTIONEE:

/s/Michael Matte
Michael Matte

NOTICE OF EXERCISE

To: _____

Attention _____, _____

Facsimile: (____) _____ - _____

Please be advised that I hereby elect to exercise my option to purchase shares of _____, pursuant to the Stock Option Agreement dated _____.

Number of Shares to Be Purchased: _____

Multiplied by: Purchase Price Per Share \$ _____

Total Purchase Price \$ _____

Please check the payment method below:

Enclosed is a check for the total purchase price above.

Wire transfer sent on _____, 20__.

Please contact me as soon as possible to discuss the possible payment of withholding taxes and any other documents we may require.

Name of Option Holder (Please Print): _____

Address of Option Holder

Telephone Number of Option Holder: _____

Social Security Number of Option Holder: _____

If the certificate is to be issued to person other than the Option Holder, please provide the following for such person:

(Name)

(Address)

(Telephone Number)

(Social Security Number)

In connection with the issuance of the Common Stock, if the Common Stock may not be immediately publicly sold, I hereby represent to the Company that I am acquiring the Common Stock for my own account for investment and not with a view to, or for resale in connection with, a distribution of the shares within the meaning of the Securities Act of 1933 (the "Securities Act").

I am _____ am not _____ [_____] an accredited investor for at least one of the reasons on the attached Exhibit A. If the SEC has amended the rule defining the definition of accredited investor, the new provisions shall be applicable. I acknowledge that as a condition to exercise the Options, the Company may request updated information regarding the Holder's status as an accredited investor. My exercise of the Options shall be in compliance with the applicable exemptions under the Securities Act and applicable state law.

Signature of Option Holder

Dated: _____

6. An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000.
7. A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of the Securities Act
8. An entity in which all of the equity owners are accredited investors.

NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (the "Agreement") entered into as of June 1, 2013 between Aspen Group, Inc. (the "Company") and David Garrity (the "Optionee").

WHEREAS, by action taken by the Board of Directors (the "Board") it has adopted the 2012 Equity Incentive Plan (the "Plan"); and

WHEREAS, pursuant to the Plan, it has been determined that in order to enhance the ability of the Company to attract and retain qualified employees, consultants and directors, the Company has granted the Optionee the right to purchase the common stock of the Company pursuant to stock options.

NOW THEREFORE, in consideration of the mutual covenants and promises hereafter set forth and for other good and valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

Grant of Non-Qualified Options. On the dates set forth on Exhibit A (the "Grant Date"), the Company irrevocably granted to the Optionee, as a matter of separate agreement and not in lieu of salary or other compensation for services, the right and option to purchase all or any part of a number of shares of authorized but unissued or treasury common stock of the Company set forth on Exhibit A (the "Options") on the terms and conditions herein set forth. The Optionee acknowledges receipt of a copy of the Plan, as amended. The Optionee further acknowledges that this Agreement replaces the Option Agreements previously executed with respect to these Options.

Price. The exercise price of the Options is \$0.35 per share.

Vesting - When Exercisable.

(a) The Options shall vest as indicated on Exhibit A. In the event of a Change of Control as defined in the Plan, the Options shall be assumed or substituted by the successor corporation or a parent or subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the Options, all Options immediately prior to the closing of the Change of Control event will automatically terminate.



underlying the Options until such person shall have become the holder of record of such shares. No dividends or cash distributions, ordinary or extraordinary, shall be provided to the holder if the record date is prior to the date on which such person became the holder of record thereof.

9. Reservation of Right to Terminate Relationship. Nothing contained in this Agreement shall restrict the right of the Company to terminate the relationship of the Optionee at any time, with or without cause. The termination of the relationship of the Optionee by the Company, regardless of the reason therefor, shall have the results provided for in Section 24 of the Plan.

10. Conditions to Exercise of Options. If a Registration Statement on Form S-8 (or any other successor form) is not effective as to the shares of common stock issuable upon exercise of the Options, the remainder of this Section 10 is applicable as to federal law. In order to enable the Company to comply with the Securities Act of 1933 (the "Securities Act") and relevant state law, the Company may require the Optionee, the Optionee's estate, or any Transferee as a condition of the exercising of the Options granted hereunder, to give written assurance satisfactory to the Company that the shares subject to the Options are being acquired for such person's own account, for investment only, with no view to the distribution of same, and that any subsequent resale of any such shares either shall be made pursuant to a registration statement under the Securities Act and applicable state law which has become effective and is current with regard to the shares of its sale, or shall be pursuant to an exemption from registration under the Securities Act and applicable state law.

~~the purchase of Options or exercise of shares of the Company~~

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(a) Reserve and keep available for issue such number of shares of its authorized and unissued common stock as will be sufficient to satisfy the requirements of this Agreement

(b) Pay all original issue taxes with respect to the issuance of shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith;

(c) Use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

14. Parties Bound by Plan. The Plan and each determination, interpretation or other action made or taken pursuant to the provisions of the Plan shall be final and shall be binding and conclusive for all purposes on the Company and the Optionee and the Optionee's respective successors in interest

15. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

16. Arbitration. Except to the extent a party is seeking equitable relief, any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in New York County, New York (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the rules of the American Arbitration Association then in effect. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof - artt

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The Optionee:

The Company:

with a copy to:

Michael D. Harris, Esq.
Nason, Yeager, Gerson, White & Lioce, P.A.
1645 Palm Beach Lakes Blvd.,
Suite 1200
West Palm Beach, FL 33401

or to such other address as either of them, by notice to the other may designate from time to time.

19. 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 attorneys' fees, costs and expenses.

20. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance whether sounding in contract, tort or otherwise shall be governed or interpreted according to the laws of Delaware without regard to choice of law considerations.

21. Oral Evidence. 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.

22. 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.

23. Section or Paragraph Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part any of the terms or provisions of this Agreement.

24. Stop-Transfer Orders

(a) The Optionee agrees that, in order to ensure compliance with the restrictions set forth in the Plan and this Agreement, the Company may issue appropriate "stop transfer" instructions to its duly authorized transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(b) The Company shall not be required (i) to transfer on its books any shares of the Company's common stock that have been sold or otherwise transferred in violation of any of the provisions of the Plan or the Agreement or (ii) to treat the owner of such shares of common stock or

to accord the right to vote or pay dividends to any purchaser or other transferee to whom such shares of common stock shall have been so transferred.

25. 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.

IN WITNESS WHEREOF the parties hereto have set their hand and seals the day and year first above written.

WITNESSES:

ASPEN GROUP, INC.

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

OPTIONEE:

/s/David Garrity
David Garrity

NOTICE OF EXERCISE

To: _____

Attention _____, _____

Facsimile: (____) _____ - _____

Please be advised that I hereby elect to exercise my option to purchase shares of _____, pursuant to the Stock Option Agreement dated _____.

Number of Shares to Be Purchased: _____

Multiplied by: Purchase Price Per Share \$ _____

Total Purchase Price \$ _____

Please check the payment method below:

____ Enclosed is a check for the total purchase price above.

____ Wire transfer sent on _____, 20__.

Please contact me as soon as possible to discuss the possible payment of withholding taxes and any other documents we may require.

Name of Option Holder (Please Print): _____

Address of Option Holder

Telephone Number of Option Holder: _____

Social Security Number of Option Holder: _____

If the certificate is to be issued to person other than the Option Holder, please provide the following for such person:

(Name)

(Address)

(Telephone Number)

(Social Security Number)

In connection with the issuance of the Common Stock, if the Common Stock may not be immediately publicly sold, I hereby represent to the Company that I am acquiring the Common Stock for my own account for investment and not with a view to, or

Exhibit A
To Stock Option Agreement

Grant Date	Number of Options	Vesting Terms
March 15, 2012	200,000	The Options shall vest in three equal annual increments with the first vesting date being March 15, 2013, subject to the Optionee's continued service with the Company as an employee or a consultant on each applicable vesting date. Any fractional vesting shall be rounded up to the extent necessary without increasing the number of Options granted.
October 23, 2012	136,008	The Options are fully vested.
October 23, 2012	166,666 increments	The Options shall vest in four equal monthly increments with the first vesting date being September

Exhibit B
To Stock Option Agreement

For Individual Investors Only:

1. A person who has an individual net worth, or a person who with his or her spouse has a combined net worth, in excess of \$1,000,000. For purposes of calculating net worth under this paragraph (1), (i) the primary residence shall not be included as an asset, (ii) to the extent that the indebtedness that is secured by the ~~rs~~ ~~rs~~ of

2a.

2b.

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6. An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000.

7. A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of the Securities Act

8. An entity in which all of the equity owners are accredited investors.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Michael Matte, certify that

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

Date: September 16, 2013

/s/ Michael Matte

Michael Matte
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2013, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)
Dated: September 16, 2013

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2013, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Matte, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/Michael Matte

Michael Matte
Chief Financial Officer
(Principal Financial Officer)
Dated: September 16, 2013