

## **GRAND CANYON EDUCATION, INC.**

### **CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES**

The primary responsibilities of the Board of Directors of Grand Canyon Education, Inc. (the “Company”) are to oversee the exercise of corporate powers and to ensure that the Company’s business and affairs are managed to meet its stated goals and objectives. The Board recognizes its responsibility to engage, and provide for the continuity of, executive management that possesses the character, skills and experience required to attain the Company’s goals and to ensure that nominees for the Board of Directors possess appropriate qualifications and reflect a reasonable diversity of backgrounds and perspectives.

Each director will fulfill the following responsibilities and requirements:

- Represent the collective interests of all stockholders of the Company;
- Discharge Board duties in good faith, with due care and in a manner he or she reasonably believes to be in the best interests of the Company;
- Possess independence, objectivity and the highest degree of integrity on an individual and collective basis;
- Be dedicated to understanding the business of the Company and issues presented to the Board;
- Be committed to active, objective, thoughtful, constructive and independent participation at meetings of the Board and its committees;
- Bring to the Board’s deliberations his or her collective breadth of business, professional and personal experience to represent the interests of shareholders;
- Review fundamental operating, financial and other corporate plans, strategies and objectives;
- Evaluate on a regular and timely basis the qualitative and quantitative performance of the Company and its senior management;
- Review the process of providing appropriate financial and operational information, internally and externally;
- Assure adherence to proper policies of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards;
- Assure maintenance of proper accounting, financial and other appropriate controls; and
- Evaluate and take steps to improve the overall effectiveness of the Board.

The Board has the responsibility to organize its functions and conduct its business in the manner it deems most effective and efficient, consistent with its duties of good faith, due care and loyalty. In that regard, the Board has adopted a set of flexible policies to guide its governance practices in the future. These practices, set forth below, will be regularly re-evaluated by the Board’s Nominating and Corporate Governance Committee in light of changing circumstances in order to continue serving the best interests of the Company’s stockholders. In addition, certain of these policies, such as the procedure for selecting new directors, are covered in greater detail in other policies maintained by the Company, which are filed with the Securities and Exchange Commission (“SEC”) and/or are available on the Company’s website. Accordingly, the summary of current practices is not a fixed policy or resolution by the Board, but merely a statement of current practices that is subject to continuing assessment and change.

1. Size of the Board

The size of the Board of Directors is to be as set forth in the Company's Bylaws. The number will vary from time to time depending on circumstances, and as directed by the Board. A majority of the members of the Board are and will continue to be non-employee directors.

2. Board Definition of What Constitutes Independence for Non-Employee Directors

No relationship between any non-employee director and the Company should be of a nature that could compromise the independence of any Board member in governing the affairs of the Company. The determination of what constitutes independence for a non-employee director in any individual situation shall be made by the Board in light of the totality of the facts and circumstances relating to such situation and in compliance with the requirements of NASDAQ's applicable listing standards and other applicable rules and regulations.

3. Number of Committees

The present Board committees are: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Members of all committees are non-employees of the Company and shall be "independent" under applicable NASDAQ guidelines. The Board considers its current committee structure to be appropriate although the number and scope of committees may be revised as appropriate to meet changing conditions and needs, including as may be needed to handle issues outside the purview of the Board's then-existing committees.

4. Board Member Criteria

The Nominating and Corporate Governance Committee is responsible for reviewing the appropriate skills and characteristics required of directors in the context of prevailing business conditions and the composition of the Board. The qualifications to be considered in the selection of director nominees include the extent of experience in business, trade, finance or management; the extent of knowledge of regional and national business affairs; and the overall judgment to advise and direct the Company in meeting its responsibilities to stockholders, customers, employees and the public. The objective is to have a Board that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience.

5. Procedure for Selecting New Director Candidates

The Board is responsible for selecting its members, subject to shareholder approval, but delegates the screening process to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is expected to work closely with the Chief Executive Officer to determine the characteristics and qualifications desired in new members of the Board and to make recommendations of candidates to the entire Board.

6. Extending the Invitation to a Potential New Director to Join the Board

Upon concurrence of the members of the Board, invitations to join the Board will generally be extended on behalf of the Board by the Chief Executive Officer. Other Board members may participate as appropriate.

7. Board Member Orientation and Continuing Education

Appropriate orientation materials will be made available and appropriate meetings will be held to acquaint new directors with the business, history, current circumstances, key issues and top managers of the Company. Board members are encouraged to attend, on at least an annual basis, at least one continuing education program for directors, the reasonable fees and expenses for which will be reimbursed by the Company.

8. Frequency of Board Meetings; Attendance

Currently, the Board has at least four regular meetings each year, with additional meetings as required. The Board considers its current meeting schedule to be adequate although the number of regular meetings may be adjusted as necessary to meet changing conditions and needs. A calendar of Board meetings will be developed and circulated as far in advance as practicable. Members are expected to attend all meetings barring special circumstances.

9. Selection of Agenda Items for Board Meetings

The Chief Executive Officer, together with appropriate members of management and, in the event the positions of Chairman and Chief Executive Officer are held by the same person, the Lead Director, develop the agenda for Board meetings. The agenda is circulated in advance and Board members may suggest additional items for consideration.

10. Board Materials Distributed in Advance

As much information and data as practical on the meeting agenda items and the Company's financial performance is sent to Board members sufficiently in advance of meetings to enable Board members to review such information and data before the meeting..

11. Executive Sessions of Outside Directors

Not less frequently than twice per year, the agenda for meetings of the Board shall include time during the meeting for an executive session with only non-employee directors present, without the Chief Executive Officer and other members of the Company's management participating. In the event the positions of Chairman and Chief Executive Officer are held by the same person, the Lead Director will set the agenda for and will chair these meetings.

12. Board Access to Senior Management

All Board members have access to senior management, with the expectation that such contact would be minimally disruptive to the business operation of the Company. The Chief Executive Officer is encouraged to invite to Board meetings senior managers who can provide additional insight into business matters being discussed and those with high future potential who should be given personal exposure to members of the Board.

13. Assignment and Rotation of Committee Members

The Nominating and Corporate Governance Committee is responsible for reviewing and recommending to the Board the assignment of directors to various committees. The Nominating and Corporate Governance Committee will also recommend to the Board, subject to applicable membership requirements and as practical, an appropriate rotation process to ensure diversity of Board member experience and variety of exposure to the affairs of the Company.

14. Frequency and Length of Committee Meetings

Generally, committees meet in conjunction with regular Board meetings. Committee chairpersons may also call meetings when they deem it necessary. Committee meetings may be as frequent and as long as needed.

15. Committee Agenda

The agenda for committee meetings is developed by Committee Chairpersons in consultation with appropriate members of management. The agenda for each meeting is circulated in advance and Committee members may suggest additional items for consideration.

16. Board Compensation Review

Periodically on an as needed basis, the Compensation Committee of the Board will review the Board's compensation in relation to other comparable companies, which may be selected by geography, market capitalization or industry. Any changes in Board compensation will be recommended by the Compensation Committee and approved by the Board.

17. Assessing Board and Committee Performance

Each standing committee of the Board of Directors will conduct an annual self-evaluation. Based on the committee self-evaluations, the Nominating and Corporate Governance Committee will conduct an annual assessment of the overall effectiveness of the Board and its committees, including performance of their governance responsibilities. The Nominating and Corporate Governance Committee will report its findings to the whole Board for discussion.

18. Directors Who Change Their Job Responsibilities

A Board member, including the Chief Executive Officer, who ceases to be actively employed in his or her principal business or profession, or experiences other changed circumstances that could pose a conflict of interest, diminish his or her effectiveness as a Board member, or otherwise be detrimental to the Company, is expected to offer his or her resignation to the Board. The Board in its discretion will determine whether such member should continue to serve as a director for an unexpired term or any future terms.

19. Majority Voting and Director Resignation.

In accordance with the Company's amended and restated bylaws, a nominee for director shall only be elected to the Board if he or she receives more votes "for" than "against" with respect to his or her election (referred to as a "Majority Vote") in an uncontested election for directors. In a contested election, the plurality rule will continue to apply and votes may be cast only "for" or "withhold" authority. The Board shall nominate for election or re-election as director only candidates who agree to execute, in connection with their nomination, irrevocable resignations that will be effective upon (1) the failure to receive a Majority Vote in an uncontested election at an annual meeting and (2) the Board's acceptance of such resignation within ninety (90) days following certification of the shareholder vote (the "Resignation Offer").

(a) *Procedures:* The Nominating and Corporate Governance Committee (the "Committee") will consider and recommend to the Board whether to accept the Resignation Offer. The Committee and Board of Directors will evaluate any such tendered resignation in the best interests of the Company and its stockholders. The Committee, in making its recommendation to the Board, and the Board, in reaching its decision, may consider such factors as it deems relevant, including, but not limited to, any stated reasons why stockholders cast "against" votes for the election of such director, the director's qualifications, the director's past and expected future contributions to the Company, the overall composition of the Board, and whether accepting the tendered resignation would cause the Company to fail to meet any applicable rule or regulation, including under the Nasdaq listing requirements and federal securities laws.

(b) *Board Action:* Following the recommendation of the Committee, the independent members of the Board will decide the action to take with respect to the Resignation Offer within ninety (90) days following certification of the stockholder vote. When deciding the action to take, the Board could accept or decline the Resignation Offer or decide to pursue additional actions such as the following:

(i) allow the director to remain on the Board but not be re-nominated to the Board at the end of the current term;

(ii) defer acceptance of the resignation until a replacement director with certain necessary qualifications held by the subject director (for example, audit committee financial expertise) can be identified and elected to the Board; or

(iii) defer acceptance of the resignation if the director can cure the underlying cause of the “against” votes within a specified period of time (for example, if the “against” votes were due to another board directorship, by resigning from that other board).

(c) *Acceptance of Resignation:* To the extent that one or more directors’ resignations are accepted by the Board, the Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board. If one or more directors’ resignations are not accepted by the Board within ninety (90) days after certification of the stockholder vote, such resignations shall not be effective until the next annual meeting.

(d) *Disclosure of Decision:* The Board will publicly disclose its decision regarding the resignation within ninety (90) days following certification of the stockholder vote.

(e) *Recusal:* Any director who offers his or her resignation pursuant to this provision is expected to abstain from participating in any discussions with or actions by either the Committee or the Board of Directors with respect to accepting or turning down his or her own Resignation Offer, but will otherwise continue to serve as a director during this period. However, if enough members of the Committee fail to receive a Majority Vote in the same uncontested election, so that a quorum of the Committee cannot be attained, then the other independent directors who received a Majority Vote in that election will be asked to consider and decide whether to accept the Resignation Offer of each director who failed to receive a Majority Vote. If only three or fewer independent directors received a Majority Vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or declining the Resignation Offers (except that no director will vote to accept or decline his or her own Resignation Offer).

(f) *Uncontested Election:* For purposes of this section, an “uncontested election” will be any election where the number of candidates seeking election is less than or equal to the number of directors to be elected.

20. Selection of the Chairman, Chief Executive Officer and the Lead Director

The Board elects the Chairman and Chief Executive Officer in the manner and based on the criteria that it deems appropriate and in the best interests of the Company given the circumstances at the time of such election.

In the event the positions of Chairman and Chief Executive Officer are held by the same person, or if the position of Chairman is also held by a non-independent person, a Lead Director will be appointed annually by the affirmative vote of a majority of those directors who have been determined to be “independent” under applicable NASDAQ guidelines, and shall serve until his/her successor is duly elected. The Lead Director may be removed or replaced at any time by a majority of the independent directors. The Lead Director’s duties will include:

- Setting the agenda and serving as chairman for the executive sessions of the independent directors.
- Serving as liaison between the Chairman and the independent directors, including, communicating to the Chairman, as appropriate, the results of executive sessions of the independent directors.
- Ensuring that independent directors have adequate opportunities to meet without management present, including authority to call meetings of the independent directors.

- Serving as designated contact for communication to independent directors as required by the Securities and Exchange Commission and the Nasdaq Stock Market’s listing standards, including being available for consultation and direct communication with major stockholders.
- Approving the agenda and information sent in connection with Board meetings and ensuring that the other independent directors also have an opportunity to provide input on the agenda.
- Approving meeting schedules to assure that there is sufficient time for discussion of all agenda items.
- Chairing Board meetings if the Chairman is unable to attend.

21. Formal Evaluation of the Chief Executive Officer

Each year, the chairperson of the Compensation Committee will conduct a formal evaluation of the Chief Executive Officer’s performance based on appropriate quantitative and qualitative criteria.

22. Succession Planning

The Chief Executive Officer will annually review succession planning with the Compensation Committee, and provide the Board with a continuing current recommendation as to succession in the event of that officer’s termination of employment, disability or death.

23. Board Interaction with Institutional Investors, the Media and Customers

The responsibility for communications and relationships on behalf of the Company with institutional investors, the media, and customers should be management’s.

24. Policy on Equity Ownership

(a) *Overview.* The Company’s Chief Executive Officer, the Corporation’s other named executive officers (the “Other NEOs”), and any non-employee director serving on the Board of the Corporation who is eligible to receive compensation for his or her service on the Board or any committee thereof and has not waived his or her right to the same (a “Compensated Director” and, collectively with the Chief Executive Officer and the Other NEOs, the “Covered Persons”) should own shares of the Company’s common stock, par value \$0.001 per share (the “Shares”) in an amount commensurate with their respective roles at the Corporation.

(b) *Share Ownership Requirement.* The Share ownership requirement will be equal to the following multiple of the Covered Person’s annual base salary (or, in the case of a Compensated Director, the amount of the annual cash retainer paid by the Company to the Compensated Director for the Compensated Director’s service on the Board (exclusive of any cash retainer payable for service as chairperson of the Board or any committee thereof)):

1. President and Chief Executive Officer: 5 times annual base salary
2. Other Named NEOs: 3 times annual base salary
3. Compensated Directors: 3 times annual cash retainer

(c) *Satisfaction of Requirements.* The following may be used in determining Share ownership for purposes of the ownership requirement:

1. Shares owned directly (including Shares acquired through open market purchases or acquired and held upon, or subject to, vesting of restricted stock, restricted stock units or performance-based awards, and Shares received and held upon exercise of stock option awards);
2. Shares owned jointly with or separately by the Covered Person’s spouse;

3. Shares held in trust for the benefit of the Covered Person, or one or more family members of the Covered Person;
4. Shares held in qualified or nonqualified savings, profit-sharing, or deferred compensation accounts;
5. Shares underlying vested but unexercised stock options (based on the excess of the market price of the stock over the exercise price and after deducting any tax withholding obligations); and
6. Shares underlying vested but unexercised warrants.

Shares pledged as collateral, purchased on margin or against which borrowings are made may not be used to satisfy the Share ownership requirements.

(d) *Timing and Compliance.* The applicable required level of Share ownership is expected to be satisfied by Covered Persons within five years of the later of (i) January 26, 2017 and (ii) the date a Covered Person first becomes subject to this Equity Ownership Policy.

Once the level of Share ownership satisfies the applicable guideline, ownership of the guideline amount is expected to be maintained for as long as the individual is a Covered Person subject to this guideline.

The Compensation Committee of the Board shall have full authority to monitor and interpret this guideline. The Compensation Committee will determine the action to be taken for failure to comply.

(e) *Report to the Compensation Committee.* The Compensation Committee will receive periodic reports of the ownership achieved by each Covered Person. Until such time as the Covered Person satisfies the Share ownership requirement, the achievement level of Share ownership will be determined by reference to the average closing stock price of the Shares during the fiscal year ended immediately prior to the determination date. Once the Share ownership requirement has been satisfied, future declines in Share price will not impact the Covered Person's compliance with this guideline, as long as the Covered Person holds the number of Shares he or she had at the time he or she achieved the required ownership level.

(f) *Amendment.* This guideline may be waived or amended by the Board or the Compensation Committee for reasons including, but not limited to, individual hardship or market conditions.

25. Limitation on Service on Other Public Company Boards

In addition to their service on the Company's Board of Directors, Board members shall serve on no more than four other boards of directors of publicly-traded companies; provided, however, that if a Board member also serves as chairman of the board of directors of a publicly-traded company, then he or she shall not serve on more than three other boards of directors, or if a Board member also serves as an executive officer of a company, then he or she shall not serve on more than two other boards of directors. Any of the above limitations may be waived by a majority of the other Board members. Moreover, the Chief Executive Officer of the Company shall not accept any Board position, public or private, without the approval of the Nominating and Corporate Governance Committee of the Board of Directors of the Company.

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