

Grand Canyon Education, Inc.  
Form DEF 14A  
April 10, 2009

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Grand Canyon Education, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Table of Contents**

3300 W. Camelback Road  
Phoenix, Arizona 85017  
(602) 639-7500

April 10, 2009

Dear Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders (the Annual Meeting ) of Grand Canyon Education, Inc. (the Company ) to be held at the Ethington Theatre on the campus of Grand Canyon University at 3300 W. Camelback Road, Phoenix, Arizona 85017, commencing at 10:00 a.m. local time on Tuesday, May 19, 2009.

The notice of annual meeting and the proxy statement that follow describe the matters to come before the Annual Meeting. Each holder of record of shares of the Company s common stock (NasdaqGM: LOPE) at the close of business on April 3, 2009 is entitled to receive notice of and to vote at the Annual Meeting, and any adjournment or postponement of the Annual Meeting. Shares of our common stock can be voted at the Annual Meeting only if the holder is present in person or by valid proxy.

We hope that you will be able to attend the Annual Meeting in person and we look forward to seeing you. Please mark, date and sign the enclosed proxy and return it in the accompanying envelope, or submit the enclosed proxy by telephone or through the Internet in accordance with the instructions set forth on the enclosed proxy card, as quickly as possible, even if you plan to attend the Annual Meeting. You may revoke the proxy and vote in person at the Annual Meeting if you so desire.

Sincerely,

Brian E. Mueller

*Chief Executive Officer and Director*

**Table of Contents**

**VOTING METHODS**

The accompanying proxy statement describes important issues affecting Grand Canyon Education, Inc. If you are a stockholder of record as of the record date, you have the right to submit your proxy through the Internet, by telephone or by mail. You also may revoke your proxy at any time before the Annual Meeting. Please help us save time and administrative costs by submitting your proxy through the Internet or by telephone. Each method is generally available 24 hours a day and will ensure that your voting instructions are confirmed and posted immediately. To submit your proxy:

1. **BY TELEPHONE**

- a. On a touch-tone telephone, call toll-free 1-800-652-8683, 24 hours a day, seven days a week, through 11:59 p.m. (PT) on May 18, 2009.
- b. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number.
- c. Follow the simple instructions provided.

2. **BY INTERNET**

- a. Go to the web site at [www.investorvote.com/LOPE](http://www.investorvote.com/LOPE), 24 hours a day, seven days a week, through 11:59 p.m. (PT) on May 18, 2009.
- b. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number and create an electronic ballot.
- c. Follow the simple instructions provided.

3. **BY MAIL (if you submit your proxy by telephone or Internet, please do not mail your proxy card)**

- a. Mark, sign and date your proxy card.
- b. Return it in the enclosed postage-paid envelope.

If your shares are held in an account at a brokerage firm, bank or similar organization, you will receive our proxy statement and our 2008 annual report, which includes our audited financial statements, from the organization holding your account and you must follow the instructions provided by such organization to submit your proxy.

**Your vote is important. Thank you for submitting your proxy.**

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**Table of Contents**

**Notice of Annual Meeting of Stockholders  
to be held on May 19, 2009**

To our Stockholders:

The 2009 Annual Meeting of Stockholders (the Annual Meeting ) of Grand Canyon Education, Inc. (the Company ), will be held at the Ethington Theatre on the campus of Grand Canyon University at 3300 W. Camelback Road, Phoenix, Arizona 85017, commencing at 10:00 a.m. local time on Tuesday, May 19, 2009, for the following purposes:

1. To elect a Board of Directors of seven directors, each to serve until the next annual meeting of stockholders or until their successors have been duly elected and qualified or until their earlier resignation or removal;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009; and
3. To transact such other business as may properly be brought before the meeting or any adjournment or postponement thereof.

Our Board of Directors has fixed April 3, 2009 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. For 10 days prior to the Annual Meeting, a list of stockholders entitled to vote at the Annual Meeting will be available for inspection in the offices of Grand Canyon Education, Inc., Office of the General Counsel, 3300 W. Camelback Road, Phoenix, Arizona 85017 between the hours of 8:30 A.M. and 5:00 P.M., local time, each weekday. Such list will also be available at the Annual Meeting.

**Your proxy is important to ensure a quorum at the meeting. Even if you own only a few shares, and whether or not you expect to be present, you are urgently requested to submit the enclosed proxy by telephone or through the Internet in accordance with the instructions provided to you. If you received a paper copy of the proxy card by mail, you may also date, sign and mail the proxy card in the postage-paid envelope that is provided. The proxy may be revoked by you at any time prior to being exercised, and submitting your proxy by telephone or through the Internet or returning your proxy by mail will not affect your right to vote in person if you attend the Annual Meeting and revoke the proxy.**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 19, 2009. This proxy statement and our 2008 annual report for the year ended December 31, 2008, are also available at <http://materials.proxyvote.com/38526M>.**

By Order of the Board of Directors,  
Christopher C. Richardson  
*Secretary*  
Phoenix, Arizona  
April 10, 2009

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**TABLE OF CONTENTS**

	<b>Page</b>
<u>GENERAL INFORMATION</u>	1
<u>Availability of Proxy Materials</u>	1
<u>Record Date and Quorum</u>	1
<u>Submission of Proxies</u>	1
<u>Stockholder Proposals</u>	1
<u>Quorum</u>	2
<u>Vote Required</u>	2
<u>Adjournment or Postponement of Meeting</u>	2
<u>Expenses of Soliciting Proxies</u>	2
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	3
<u>Composition of our Board of Directors</u>	3
<u>Directors and Director Nominees</u>	3
<u>Board of Directors Meetings and Attendance</u>	5
<u>Director Independence</u>	5
<u>Committees of Our Board of Directors</u>	5
<u>Code of Conduct</u>	6
<u>Director Nomination Process</u>	7
<u>Compensation Committee Interlocks and Insider Participation</u>	8
<u>Stockholder Communications with the Board of Directors</u>	8
<u>PROPOSAL NO. 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	9
<u>Fees</u>	9
<u>Approval of Independent Registered Public Accounting Firm Services and Fees</u>	9

<u>AUDIT COMMITTEE REPORT</u>	11
<u>EXECUTIVE OFFICERS</u>	12
<u>EXECUTIVE COMPENSATION</u>	13
<u>Compensation Discussion and Analysis</u>	13
<u>Compensation of Named Executive Officers</u>	20
<u>Potential Payments upon Termination or Change in Control</u>	24
<u>2008 Compensation of Directors</u>	27
<u>Compensation Committee Report</u>	28
<u>BENEFICIAL OWNERSHIP OF COMMON STOCK</u>	29
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	31
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	34
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	34
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	34
<u>ADDITIONAL INFORMATION</u>	35



**Table of Contents**

**Grand Canyon Education, Inc.  
3300 West Camelback Road  
Phoenix, Arizona 85017  
PROXY STATEMENT  
GENERAL INFORMATION**

The enclosed proxy is being solicited by our Board of Directors for use in connection with the Annual Meeting to be held on Tuesday, May 19, 2009, at the Ethington Theatre on the Company's campus at 3300 W. Camelback Road, Phoenix, Arizona 85017, commencing at 10:00 a.m. local time, and at any adjournment or postponement thereof.

**Availability of Proxy Materials**

This proxy statement, and our Board of Directors' form of proxy to stockholders, was mailed or made available to our stockholders on or about April 10, 2009. Any stockholder of record whose shares are registered in the stockholder's name with our transfer agent, Computershare, will receive a printed copy of the proxy materials by mail. Any stockholder of record who holds shares of our common stock in an account at a brokerage firm, bank or similar organization will receive a printed copy of the proxy materials by mail from the organization holding the stockholder's account.

In addition, we are also making our proxy materials, which include our notice of Annual Meeting, proxy statement and 2008 annual report, available to our stockholders over the Internet at <http://materials.proxyvote.com/38526M>.

**Record Date and Quorum**

Only stockholders of record at the close of business on April 3, 2009, will be entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. At the close of business on the record date, we had 45,485,765 shares of our common stock outstanding and entitled to vote. A majority of the shares outstanding on the record date, present in person or represented by proxy, will constitute a quorum for the transaction of business at the meeting.

**Submission of Proxies**

Shares represented by proxies submitted by telephone or through the Internet in accordance with the instructions set forth in this proxy statement, or submitted on the enclosed proxy card that are properly signed and duly returned to us, and not revoked, will be voted in the manner specified. You may revoke your proxy at any time before it is exercised by submitting to our Secretary a written notice of revocation or a properly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

**Stockholder Proposals**

Stockholder proposals may be included in our proxy materials for an annual meeting so long as they are provided to us on a timely basis and satisfy certain other conditions. For a stockholder proposal to be included in our proxy materials for our 2010 Annual Meeting of Stockholders, the proposal must be received at our principal executive offices, addressed to our Secretary, not later than December 26, 2009. Subject to certain exceptions, stockholder business that is not intended for inclusion in our proxy materials may be brought before an annual meeting so long as we receive notice of the proposal as specified by our bylaws, addressed to our Secretary at our principal executive offices, not earlier than the close of business on the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the date of the preceding year's annual meeting. For our 2010 Annual Meeting of Stockholders, proper notice of business that is not intended for inclusion in our proxy statement must be received not earlier than the close of business on January 20, 2010, nor later than the close of business on February 19, 2010.

## **Table of Contents**

A stockholder's notice to our Secretary must set forth as to each matter the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting and the text of the proposal or business, including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Company's bylaws, the language of the proposed amendment, (ii) the name and address, as they appear on the Company's books, of the stockholder proposing such business and the names and addresses of the beneficial owners, if any, on whose behalf the business is being brought, (iii) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at the meeting on the date of such notice and intends to appear in person or by proxy at the meeting to propose the business specified in the notice, (iv) any material interest of the stockholder and such other beneficial owner in such business, (v) the class and number of shares of the Company that are owned beneficially and of record by the stockholder and such other beneficial owner, (vi) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder or such beneficial owner, and (vii) any material interest of the stockholder and such other beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to shares of stock of the Company in such business.

### **Quorum**

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum for the transaction of business at the meeting. Abstentions and broker non-votes are included in determining whether a quorum is present. Abstentions include shares present in person but not voting and shares represented by proxy but with respect to which the holder has abstained. Broker non-votes occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received instructions from the beneficial owner.

### **Vote Required**

*Election of Directors.* The affirmative vote of a plurality of the shares of common stock present in person or by proxy at the meeting and entitled to vote is required for the election to the Board of Directors of each of the nominees for director. Stockholders do not have the right to cumulate their votes in the election of directors. Votes that are withheld, abstentions, and broker non-votes will have no effect on the outcome of the election.

*Ratification of the appointment of the Independent Registered Public Accounting Firm.* Approval of the proposal to ratify the audit committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009 requires the affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote. Broker non-votes will have no effect on the outcome of this proposal, while abstentions will have the effect of a vote against this proposal.

### **Adjournment or Postponement of Meeting**

The Annual Meeting may be adjourned or postponed to any other time and to any other place at which a meeting of stockholders may be held by the chairman of the Annual Meeting or, in the absence of such person, by any officer entitled to preside at or to act as Secretary of the Annual Meeting, or by the holders of a majority of the shares of stock present or represented by proxy at the meeting and entitled to vote, although less than a quorum.

### **Expenses of Soliciting Proxies**

We will bear the cost of soliciting proxies. In addition to solicitation by the use of mail, certain directors, officers and regular employees may solicit proxies by telephone or personal interview. None of such persons will receive any additional compensation for their services.

**Table of Contents****PROPOSAL NO. 1  
ELECTION OF DIRECTORS****Composition of our Board of Directors**

Our bylaws provide that our business will be managed by or under the direction of a Board of Directors. The number of directors constituting our Board of Directors is determined from time to time by our Board of Directors. Currently, our Board of Directors consists of seven members. Each nominee for the position of director will be elected at the Annual Meeting to hold office until the next annual meeting of stockholders or the director's earlier resignation or removal. Upon the recommendation of the nominating and corporate governance committee of the Board of Directors, the Board of Directors has nominated the seven persons named below for election as directors. Proxies solicited by our Board of Directors will, unless otherwise directed, be voted to elect the seven nominees named below to constitute the entire Board of Directors.

**Directors and Director Nominees**

All of the nominees named below are currently serving on the Board of Directors. Each nominee has indicated a willingness to serve as a director for the ensuing year, but in case any nominee is not a candidate at the meeting for any reason, the proxies named in the enclosed proxy form may vote for a substitute nominee recommended by the nominating and corporate governance committee and approved by the Board of Directors.

The following table sets forth certain information regarding each director nominee:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Committee Membership*</b>
Brent D. Richardson	46	Executive Chairman	None
Brian E. Mueller	55	Chief Executive Officer and Director	None
Christopher C. Richardson	37	General Counsel and Director	None
Chad N. Heath	34	Director	Compensation, Nominating and Corporate Governance (chair)
D. Mark Dorman	48	Director	Compensation, Nominating and Corporate Governance
David J. Johnson	62	Director	Audit, Compensation (chair)
Jack A. Henry	65	Director	Audit (chair)

\* Although we currently satisfy the Nasdaq Stock Market requirement that a majority of our directors be independent, we are relying on the phase-in provisions of the Nasdaq Marketplace Rules that permit us to have an audit committee comprised of fewer than three

members for up to one year after the date of our listing on the Nasdaq Global Market. Our Board of Directors expects to appoint an additional new independent director to the board and audit committee prior to November 19, 2009.

*Brent D. Richardson* has been serving as our Executive Chairman since July 1, 2008. Mr. Richardson previously served as our Chief Executive Officer and as a director from 2004 to July 2008. From 2000 to 2004, Mr. Richardson served as chief executive officer of Masters Online, LLC, a company that provided online educational programs and marketing services to several regionally and nationally accredited universities. Prior to 2000, Mr. Richardson served as director of sales and marketing and later general manager of the Educational Division of Private Networks, a company that produced customized distance learning curricula for the healthcare and automotive industries. Mr. Richardson has over 20 years of experience in the education industry. Mr. Richardson received a Bachelor of Science degree in Finance from Eastern Illinois University.

*Brian E. Mueller* has been serving as our Chief Executive Officer since July 1, 2008 and as a director since March 2009. From 1987 to 2008, Mr. Mueller was employed by Apollo Group, Inc., a for-profit, postsecondary education company and the parent company of the University of Phoenix, serving since January 2006 as its president and a director. Mr. Mueller previously served as the chief operating officer of Apollo Group from December 2005 to January 2006, as chief executive officer of the University of Phoenix Online, a unit of the University of Phoenix, from March 2002 to November 2005, and as chief operating officer and senior vice president of the University of Phoenix Online from May 1997 to March 2002. From 1987 to May 1997, Mr. Mueller held several positions in operations management for Apollo Group. From 1983 to 1987, Mr. Mueller was a professor at Concordia University. Mr. Mueller received a Bachelor of Arts degree in Education and a Master of Arts in Education degree from Concordia University.

**Table of Contents**

*Christopher C. Richardson* has been serving as our General Counsel since 2007 and as a director since 2004. From 2004 to 2007, Mr. Richardson served as legal counsel in our Office of General Counsel. Prior to 2004, Mr. Richardson served as the chief operating officer for Masters Online, LLC, a company that provided online educational programs and marketing services to several regionally and nationally accredited universities. Mr. Richardson received a Bachelor of Arts degree in Political Science from Brigham Young University, and a Juris Doctorate from the University of Arizona College of Law, where he graduated summa cum laude.

*Chad N. Heath* has been serving as a member of our Board of Directors since 2005. Mr. Heath joined Endeavour Capital, a private equity firm based in Portland, Oregon that currently manages over \$925 million in equity capital, in 2001 and has served as one of its managing directors since 2006. Prior to joining Endeavour Capital, Mr. Heath served as a principal at Charterhouse Group International, a New York-based private equity firm focused on middle-market transactions. Prior to Charterhouse, Mr. Heath worked in the investment banking division of Merrill Lynch. Mr. Heath currently sits on the boards of directors of Barrett-Jackson Holdings, LLC (dba: Barrett-Jackson Auction Company) and Skagit Northwest Holdings, Inc. (dba: Dri-Eaz Products). Mr. Heath received a Bachelor of Science in Business Administration degree, magna cum laude, from Georgetown University.

*D. Mark Dorman* has been serving as a member of our Board of Directors since 2005. Mr. Dorman joined Endeavour Capital in 1998 and has served as one of its managing directors since 2006. Prior to joining Endeavour Capital, Mr. Dorman served as an investment banker at Green Manning & Bunch, a Denver-based investment banking firm focused on merger and acquisition transactions and advisory work for middle-market clients across the western United States. He also served in the investment banking groups of Boettcher & Company and Morgan Stanley. Mr. Dorman currently sits on the boards of directors of PSI Services Holding Inc. (dba: Policy Studies); Skagit Northwest Holdings, Inc. (dba: Dri-Eaz Products); and Barrett-Jackson Holdings, LLC (dba: Barrett-Jackson Auction Company). Mr. Dorman received a Bachelor of Science degree from Lewis & Clark College and a Master of Business Administration degree from Harvard Business School.

*David J. Johnson* has been serving as a member of our Board of Directors since November 2008. From 1997 to 2006, Mr. Johnson served as chief executive officer and chairman of the board of KinderCare Learning Centers, Inc., a for-profit provider of early childhood education and care services, and from 1991 to 1996, he served as president, chief executive officer, and chairman of the board of Red Lion Hotels, Inc., a hotel company, each of which were portfolio companies of Kohlberg Kravis Roberts & Co. Prior to that time, Mr. Johnson served as a general partner of Hellman & Friedman, a private equity investment firm, from 1989 to 1991, as president, chief operating officer and director of Dillingham Holdings, a diversified company, from 1986 to 1988, and as president and chief executive officer of Cal Gas Corporation, a principal subsidiary of Dillingham Holdings, which was also a portfolio company of Kohlberg Kravis Roberts & Co., from 1984 to 1987. Mr. Johnson received a Bachelor of Arts degree from the University of Oregon and a Master of Business Administration degree from the University of Southern California.

*Jack A. Henry* has been serving as a member of our Board of Directors since November 2008. Since 2000, Mr. Henry has served as the managing director of Sierra Blanca Ventures, LLC, a private investment and advisory firm. From 1966 to 2000, Mr. Henry worked as a certified public accountant for Arthur Andersen, a national accounting firm, retiring in 2000 as the managing partner of the Phoenix, Arizona office. Mr. Henry currently serves on the boards of directors of White Electronic Designs Corporation, a Nasdaq-listed provider of semiconductor packages, memory devices, and electromechanical assemblies to the aerospace and defense industries, as well as several other private companies. Mr. Henry currently serves as President of the Arizona Chapter of the National Association of Corporate Directors. Mr. Henry received a Bachelor of Business Administration degree and a Master of Business Administration degree from the University of Michigan.

Other than Brent D. Richardson and Christopher C. Richardson, who are brothers, there are no family relationships among any of our directors or executive officers.

## **Table of Contents**

### **Board of Directors Meetings and Attendance**

During our 2008 fiscal year following our initial public offering in November 2008, our Board of Directors and compensation committee each held one meeting, each of which were attended by all Board and committee members, respectively. During our 2008 fiscal year prior to our initial public offering, our Board of Directors held seven meetings and acted by written consent one time. With respect to those seven meetings, each director, other than Mr. Dorman, attended more than 75% of such meetings that were held during each director's time of service, and each of our directors attended at least 75% of the aggregate number of the meetings of the board committees on which such director serves. We do not have a formal policy regarding attendance of our directors at annual meetings of our stockholders, but we do encourage each of our directors to attend annual meetings of our stockholders.

### **Director Independence**

Our Board of Directors reviews at least annually the independence of each director. During these reviews, our Board of Directors considers transactions and relationships between each director (and his or her immediate family and affiliates) and our company and management to determine whether any such transactions or relationships are inconsistent with a determination that the director was independent. In March 2009, our Board of Directors conducted its annual review and has affirmatively determined that each director other than Brent D. Richardson, who is our Executive Chairman, and Christopher C. Richardson, who is our General Counsel, is independent, as defined by the Marketplace Rules of the Nasdaq Stock Market. Brian E. Mueller, who was appointed to our Board of Directors subsequent to the annual review, is not independent because he is our Chief Executive Officer. Under the Marketplace Rules, a director can be independent only if the director does not trigger a categorical bar to independence and our Board of Directors affirmatively determines that the director does not have a relationship which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment by the director in carrying out the responsibilities of a director.

With respect to Messrs. Heath and Dorman, our Board of Directors considered their roles as managing directors of Endeavour Capital IV, LLC, which is the general partner of certain affiliated investment funds (the Endeavour Entities), and the fact that the Endeavour Entities own a significant, although non-controlling, number of shares of our capital stock. See Beneficial Ownership of Common Stock. In addition, the Board of Directors considered the fact that we were previously a party to a professional services agreement with Endeavour Capital IV, LLC, which terminated by its terms upon the closing of our initial public offering, pursuant to which Endeavour Capital IV, LLC served as a consultant to our Board of Directors on business and financial matters in exchange for a consulting fee. See Certain Relationships and Related Transactions Endeavour Professional Services Agreement. The Board of Directors also considered the fact that we were a party to a stockholders agreement with the Endeavour Entities, which terminated by its terms upon the closing of our initial public offering, and an investor rights agreement with the Endeavour Entities, among others, in connection with their ownership of our capital stock, portions of which continue in effect. See Certain Relationships and Related Transactions Stockholders Agreement and Investor Rights Agreement. With respect to Mr. Dorman, our Board of Directors also reviewed the fact that his sister-in-law received education scholarships from Grand Canyon University during 2008 valued at less than \$20,000. After reviewing these relationships between us, the Endeavour Entities, and Messrs. Heath and Dorman, and considering that the affiliation between Messrs. Heath and Dorman and the Endeavour Entities will positively align their interests with those of our public stockholders, our Board of Directors has affirmatively determined (with Messrs. Heath and Dorman abstaining) that, in its judgment, Messrs. Heath and Dorman meet the applicable independence standards established by the Nasdaq Stock Market and that these relationships do not interfere with the exercise of independent judgment by these directors.

### **Committees of Our Board of Directors**

Our Board of Directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the Board of Directors. Our Board of Directors has established three standing committees: an audit committee; a compensation committee; and a nominating and corporate governance committee. In addition, from time to time, special committees may be established under the direction of the Board of Directors when necessary to address specific issues. The composition of the board committees complies with the applicable rules of the Nasdaq Stock Market and applicable law. Our Board of Directors has adopted a written charter

for each of the standing committees, which are available in the Corporate Governance section of the Investor Relations page on our website at [www.gcu.edu](http://www.gcu.edu).

**Table of Contents**

*Audit Committee.* Our current audit committee was formed upon consummation of our initial public offering in November 2008 and consists of Messrs. Henry (chair) and Johnson. During fiscal 2008, our audit committee met three times, with all meetings occurring prior to our initial public offering. Our audit committee is directly responsible for, among other things, the appointment, compensation, retention, and oversight of our independent registered public accounting firm. The oversight includes reviewing the plans and results of the audit engagement with the firm, approving any additional professional services provided by the firm and reviewing the independence of the firm. The committee is also responsible for discussing the effectiveness of the internal controls over financial reporting with the firm and relevant financial management. Our Board of Directors has determined that each of Messrs. Henry and Johnson is independent, as defined under and required by the rules of the Nasdaq Stock Market and the federal securities laws, and has also determined that each of Messrs. Henry and Johnson qualifies as an audit committee financial expert, as defined under the rules of the federal securities laws. For information regarding the qualifications of each member of the audit committee, please see the biographical information set forth above.

*Compensation Committee.* Our current compensation committee was formed upon the consummation of our initial public offering in November 2008 and consists of Messrs. Johnson (chair), Heath, and Dorman. During fiscal 2008, our compensation committee met one time to approve equity grants made in connection with our initial public offering. The compensation committee is responsible for, among other things, supervising and reviewing our affairs as they relate to the compensation and benefits of our executive officers. In carrying out these responsibilities, the compensation committee reviews all components of executive compensation for consistency with our compensation philosophy and with the interests of our stockholders. The Board of Directors has determined that each of Messrs. Johnson, Heath, and Dorman is independent, as defined under and required by the rules of the Nasdaq Stock Market.

*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee was formed upon the consummation of our initial public offering in November 2008 and consists of Messrs. Heath (chair) and Dorman. Prior to our initial public offering, we did not have a standing nominating and corporate governance committee, and such committee did not meet in fiscal 2008. The nominating and corporate governance committee is responsible for, among other things, identifying individuals qualified to become board members; recommending to the Board of Directors director nominees for each election of directors; developing and recommending to the Board of Directors criteria for selecting qualified director candidates; considering committee member qualifications, appointment and removal; recommending corporate governance principles, codes of conduct and compliance mechanisms; and providing oversight in the evaluation of the board and each committee. The Board of Directors has determined that each of Messrs. Heath and Dorman is independent, as defined under and required by the rules of the Nasdaq Stock Market.

**Code of Conduct**

We have adopted our business code of conduct, which applies to all of our employees, directors, and consultants. The code of conduct includes particular provisions applicable to our senior financial management, which includes our chief executive officer, chief financial officer and principal accounting officer, and other employees performing similar functions. A copy of our code of conduct is available on the Corporate Governance section of the Investor Relations page on our website at [www.gcu.edu](http://www.gcu.edu). We intend to post on our website any amendment to, or waiver from, a provision of our code of conduct that applies to any director or officer, including our chief executive officer, chief financial officer and principal accounting officer, and other persons performing similar functions, promptly following the date of such amendment or waiver.



## **Table of Contents**

### **Director Nomination Process**

When selecting nominees for appointment or election to our Board of Directors, our nominating and corporate governance committee intends to make such selections pursuant to the following process:

the identification of director candidates by our nominating and corporate governance committee based upon suggestions from current directors and senior management, recommendations by stockholders and/or use of a director search firm;

a review of the candidates' qualifications by our nominating and corporate governance committee to determine which candidates best meet our Board of Directors' required and desired criteria;

interviews of interested candidates who best meet these criteria by the chair of the nominating and corporate governance committee, the chair of our Board of Directors, and/or certain other directors;

the recommendation by our nominating and corporate governance committee for inclusion in the slate of directors for the annual meeting of stockholders or for appointment by our Board of Directors to fill a vacancy during the interval between stockholder meetings; and

formal nomination by our Board of Directors.

Although our nominating and corporate governance committee will review each candidate's qualifications to determine whether each candidate is appropriate for our Board of Directors, candidates need not possess any minimum qualifications or specific qualities or skills. Our nominating and corporate governance committee will reassess the qualifications of a director, including the director's performance on our board to date, the director's current employment, the director's service on other boards and the director's independence, prior to recommending a director for reelection to another term. All director-nominees were recommended for election at the Annual Meeting by our nominating and corporate governance committee, and such recommendations were formally approved by our Board of Directors.

Stockholders who wish to recommend individuals for consideration by our nominating and corporate governance committee to become nominees for election to our Board of Directors may do so by submitting a written recommendation to our nominating and corporate governance committee, c/o General Counsel, Grand Canyon Education, Inc., 3300 W. Camelback Road, Phoenix, Arizona 85017. Submissions must be received not less than 120 calendar days in advance of the first anniversary of the date that the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholders to be timely must be received not later than the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made. For our 2010 Annual Meeting of Stockholders, stockholder nominations must be received by December 26, 2009.

Each submission must set forth: (i) the name and address of the stockholder who intends to make the nomination, or the beneficial owner, if any, on whose behalf the nomination is being made and of the person or persons to be nominated; (ii) a representation that the stockholder is a holder of record of stock of the Company entitled to vote for the election of directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder or such beneficial owner and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; (v) the consent of each nominee to serve as a director of the Company if so elected; and (vi) the class, if applicable, and number of shares of the Company that are owned beneficially and of record by such stockholder and such beneficial owner.

We did not receive any director nominations from stockholders for the Annual Meeting.

**Table of Contents**

**Compensation Committee Interlocks and Insider Participation**

During 2008, Messrs. Johnson, Heath and Dorman served as the members of our compensation committee. No executive officer serves, or in the past has served, as a member of the Board of Directors or compensation committee of any entity that has any of its executive officers serving as a member of our Board of Directors or compensation committee.

For information regarding transactions between us and Endeavour Capital, the private equity firm with which Messrs. Heath and Dorman are managing directors, see Certain Relationships and Related Transactions.

**Stockholder Communications with the Board of Directors**

Stockholders may communicate with any of our directors, including our lead outside director, the chair of any of the committees of the Board of Directors, or the non-management directors as a group by writing to them c/o Secretary, Grand Canyon Education, Inc., 3300 West Camelback Road, Phoenix, Arizona 85017. Please specify to whom your correspondence should be directed. The Secretary will promptly forward all correspondence to the Board of Directors or any specific director, as indicated in the correspondence, except for junk mail, mass mailings, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. The Secretary may forward certain correspondence, such as product-related or service-related inquiries, elsewhere within the Company for review and possible response.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF THE SEVEN NOMINEES LISTED ABOVE TO CONSTITUTE OUR BOARD OF DIRECTORS.**

**Table of Contents****PROPOSAL NO. 2****RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of Ernst & Young LLP ( Ernst & Young ) has been our independent registered public accounting firm since 2008. Our audit committee has selected Ernst & Young to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2009. While it is not required to do so, our audit committee is submitting the selection of that firm for ratification in order to ascertain the view of our stockholders. In the event the stockholders fail to ratify the selection, the adverse vote will be considered a direction to the audit committee to consider other auditors for next year. Even if the selection is ratified, the audit committee, in its discretion, may direct the appointment of different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in the Company's and its stockholders' best interests. Proxies solicited by our Board of Directors will, unless otherwise directed, be voted to ratify the appointment of Ernst & Young as our independent registered public accounting firm for the fiscal year ending December 31, 2009. A representative of Ernst & Young will be present at the meeting, will be afforded an opportunity to make a statement if the representative so desires, and will be available to respond to appropriate questions during the meeting.

**Fees**

For the year ended December 31, 2008, Ernst & Young billed us the amounts set forth below for professional services rendered in connection with audit, audit-related, tax and other professional services.

<b>Services Rendered</b>	<b>2008<sup>(1)</sup></b>	<b>2007</b>
Audit Fees <sup>(2)</sup>	\$ 2,962,247	\$
Audit-Related Fees		
Tax Fees <sup>(3)</sup>	98,347	
All Other Fees <sup>(4)</sup>		
<b>Total Fees</b>	<b>\$ 3,060,594</b>	<b>\$</b>

(1) In connection with our initial public offering in 2008, we engaged Ernst & Young to audit our financial statements for the years ended December 31, 2005, 2006, and 2007. All fees for such services were billed and paid in 2008.

(2) Audit Fees relate to assurance and related services for the audits of

the annual financial statements for fiscal years 2005, 2006, 2007, and 2008, for the review of quarterly financial statements, and for services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements. In 2008, \$553,584 of the Audit Fees related to audit services expensed in 2008, and \$2,408,663 of the Audit Fees related to services provided in connection with our initial public offering, including the filing of our Registration Statement on Form S-1, the audit of our 2005, 2006, and 2007 financial statements, and the review of quarterly financial statements during the pendency of the initial public offering.

(3) For 2008, Tax Fees consisted of \$20,599 for tax advisory services, \$32,421 for tax return services, and \$45,327 for assistance with IRS examinations.

(4) We had no Audit-Related Fees or Other Fees in 2008.

**Approval of Independent Registered Public Accounting Firm Services and Fees**

The audit committee has adopted a policy regarding pre-approval of audit and non-audit services performed by our independent registered public accounting firm. The audit committee is responsible for pre-approving all engagements of our independent registered public accounting firm. The policy also highlights services the audit committee will and will not approve for audit and non-audit services. The policy requires that written documentation be provided by the independent registered accounting firm to the audit committee for all tax services.

**Table of Contents**

The audit committee may, annually or from time to time, set fee levels for certain non-audit services, as defined in the policy, or for all non-audit services. Any engagements that exceed those fee levels must receive specific pre-approval from the audit committee. The audit committee may delegate to the audit committee chair authority to grant pre-approvals of permissible audit and non-audit services, provided that any pre-approvals by the chair must be reported to the full audit committee at the next scheduled meeting.

On a regular basis, management provides written updates to the audit committee regarding the amount of audit and non-audit service fees incurred to date. All of the services described above for fiscal 2008 were approved by our Board of Directors.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2009.**

**Table of Contents**

**AUDIT COMMITTEE REPORT**

The role of our audit committee, which is composed of two independent, non-employee directors, is one of oversight of our Company's management and independent registered public accounting firm in regard to our Company's financial reporting and internal controls over financial reporting. In performing our oversight function, we relied upon advice and information received in our discussions with management and the independent registered public accounting firm. We have (a) reviewed and discussed our Company's audited financial statements for the fiscal year ended December 31, 2008, with management; (b) discussed with our Company's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, regarding communication with audit committees (Codification of Statements on Auditing Standards, AU § 380); (c) received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the audit committee concerning independence; and (d) discussed with the independent registered public accounting firm its independence.

Based on the review and discussions with management and our Company's independent registered public accounting firm referred to above, we recommended to our Company's Board of Directors that the audited financial statements be included in our Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the Securities and Exchange Commission.

Audit Committee:

*Jack A. Henry (Chair)*

*David J. Johnson*



**Table of Contents****EXECUTIVE OFFICERS**

The following sets forth information regarding our non-director executive officers as of the date of this proxy statement. For information regarding Brent D. Richardson, our Executive Chairman, Brian E. Mueller, our Chief Executive Officer and a director, and Christopher C. Richardson, our General Counsel and a director, see Proposal No. 1 Election of Directors Directors and Director Nominees.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Daniel E. Bachus	38	Chief Financial Officer
Dr. W. Stan Meyer	48	Executive Vice President
Dr. Kathy Player	45	Grand Canyon University President
Michael S. Lacrosse	53	Chief Information Officer

*Daniel E. Bachus* has been serving as our Chief Financial Officer since July 1, 2008. From January 2007 until June 2008, Mr. Bachus served as chief financial officer for Loreto Bay Company, a real estate developer. From 2000 to 2006, Mr. Bachus served as the chief accounting officer and controller of Apollo Group, Inc., a for-profit, postsecondary education company and the parent company of the University of Phoenix. From 1992 to 2000, Mr. Bachus was employed by Deloitte & Touche LLP, most recently as an audit senior manager. Mr. Bachus received a Bachelor of Science degree in Accountancy from the University of Arizona and a Master in Business Administration degree from the University of Phoenix. Mr. Bachus is also a certified public accountant.

*Dr. W. Stan Meyer* has been serving as our Executive Vice President since July 1, 2008. From August 2002 to June 2008, Dr. Meyer was employed by Apollo Group, Inc., a for-profit, postsecondary education company and the parent company of the University of Phoenix, serving since June 2006 as its executive vice president of marketing and enrollment. Dr. Meyer previously served as a regional vice president of the University of Phoenix Online, a unit of the University of Phoenix, and division director of Axia College and of the School of Advanced Studies, also units of the University of Phoenix. From 1983 to 2002, Dr. Meyer held several positions with the Concordia University system, including director of operations for Concordia University's education network. Dr. Meyer received a Bachelor of Arts in Communications degree from Concordia University and a Master of Business Administration degree and a Doctor of Education in Institutional Management degree from Pepperdine University.

*Dr. Kathy Player* has been serving as Grand Canyon University President since July 31, 2008. From 2007 to July 2008, she served as our Provost and Chief Academic Officer. From 1998 to 2007, Dr. Player served in several other leadership roles at Grand Canyon University, including most recently as Dean of the Ken Blanchard College of Business. Dr. Player received a Bachelor of Science degree in Nursing from St. Joseph's College, a Master of Business Administration degree and a Master of Science degree in Nursing Leadership from Grand Canyon University, a Master of Science degree in Counseling from Nova Southeastern University, and a Doctorate of Education degree in Counseling Psychology from the University of Sarasota.

*Michael S. Lacrosse* has been serving as our Chief Information Officer since August 2006. From February 2001 to August 2006, Mr. Lacrosse served as chief information officer of Trax Technology, a global transportation management firm, and 21st Century Learning, an educational technology company which provides supplemental curricula to K-12 students, professional development opportunities for teachers and administrators, and educational programs for parents.

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

*The following discussion and analysis should be read in conjunction with Compensation of Named Executive Officers and the related tables that follow.*

***Overview***

The purpose of this compensation discussion and analysis is to provide information about each material element of compensation that we pay or award to, or that is earned by, our named executive officers, who consist of our principal executive officer and former principal executive officer, our principal financial officer and former principal financial officer, and our four other most highly compensated executive officers whose total compensation for the fiscal year ended December 31, 2008, was in excess of \$100,000 and who were serving as executive officers at the end of that fiscal year, all as set forth in the Summary Compensation Table set forth below.

This compensation discussion and analysis addresses and explains the compensation practices we followed in 2008, the numerical and related information contained in the summary compensation and related tables presented below, and actions we have taken regarding executive compensation since the end of our 2008 fiscal year.

***Compensation Determinations***

Prior to our initial public offering in November 2008, we were a privately-held company with a relatively small number of stockholders, including our lead outside investor, Endeavour Capital, and we had not been subject to exchange listing requirements requiring us to have a majority independent board or to exchange or SEC rules relating to the formation and functioning of board committees. As such, most, if not all, of our compensation policies, and determinations applicable to our named executive officers, have historically been the product of negotiation between our named executive officers and two representatives of Endeavour Capital who serve as our outside directors. In addition, all of our named executive officers who appear in the Summary Compensation Table, other than Messrs. Lacrosse and Fischer, are parties to employment agreements, and the level of salary to be in effect for those officers over the term of their employment agreements was determined as part of the negotiation process relating to such agreements.

The charter that was adopted by our compensation committee in connection with our initial public offering empowers our compensation committee to set all executive compensation, including, but not limited to, salary, bonus, incentive compensation, equity awards, benefits and perquisites. Our compensation committee will make such determinations with respect to our chief executive officer and, for all other executives, will make such determinations in consultation with our chief executive officer. For additional information regarding the compensation committee, please see

Proposal No. 1 Election of Directors Committees of Our Board of Directors Compensation Committee.

***Objectives of Compensation Programs***

We pay our executive officers based on business performance and individual performance, and, in setting compensation levels, we take into consideration our past practices, our current and anticipated future needs, and the relative skills and experience of each individual executive. To date, we have not utilized the services of a compensation consultant and have not engaged in any benchmarking when making policy-level or individual compensation determinations.

*Compensation philosophy.* Under our compensation philosophy, a named executive officer's total compensation will vary based on our overall performance and with the particular named executive officer's personal performance and contribution to our overall results. This philosophy generally applies to all of our employees, with a more significant level of variability and compensation at risk depending upon an employee's function and level of responsibility. Our overall goals in implementing this philosophy are to attract, motivate, and retain highly qualified individuals responsible for guiding us and creating value for our investors.

**Table of Contents**

*Compensation objectives.* We believe that the compensation program we follow helps us achieve the following objectives:

*Compensation should be related to performance.* We believe that the performance-based portion of an individual's total compensation should increase as the individual's business responsibilities increase. Thus, a material portion of executive compensation is linked to our and the individual's performance, which also serves to align the named executive officers' interests with those of our investors.

*Compensation should be competitive and cost effective.* We believe that our compensation programs should foster an innovative, high integrity, and performance-oriented culture that serves to attract, motivate, and retain executives and other key employees with the appropriate skill sets to lead us through expected future growth in a dynamic and competitive environment. Accordingly, we seek to provide compensation in amounts necessary to achieve these goals and which is of fair value relative to other positions at the Company.

*Company compensation policies.* During 2008, our named executive officers' total in-service compensation consisted of base salaries, cash bonuses, share-based compensation, limited perquisites, and other benefits generally available to all employees. With regard to these components, we adhere to the following compensation policies:

*Founders with significant equity stakes require limited cash or equity incentives.* As founders of our Company, Brent D. Richardson and Christopher C. Richardson have significant equity ownership in the Company. We believe that the Richardsons' ownership stake provides a level of motivation that would not be appreciably enhanced through material cash bonus opportunities or the grant of further equity incentives. Accordingly, in 2008, the Richardsons were compensated solely through base salary and a limited bonus and perquisites.

*Cash should be the principal component of compensation.* Prior to our initial public offering, we did not utilize equity-based incentives and instead focused on providing the opportunity for our named executive officers to earn total cash compensation at levels that enabled us to achieve the motivation and retention goals described above. In connection with the initial public offering, we made significant equity grants to certain of our named executive officers. These grants, in the case of Mr. Mueller, Dr. Meyer, and Mr. Bachus, were negotiated as part of their employment agreements, while the grants made to our other named executive officers were approved by the compensation committee in consultation with management and were intended to compensate them for past services to the Company and to reflect the fact that the Company had not previously provided equity incentives to its employees. Notwithstanding those grants, the Company's compensation policy focuses most heavily on providing the opportunity for its named executive officers to earn total cash compensation at levels that enable the Company to achieve the motivation and retention goals described above, and to provide equity incentives as a reward for superior performance rather than as a substitute for cash compensation.

*Base salaries should be the largest component of cash compensation.* Our compensation programs should generally reflect base salaries as being compensation for the named executive officers to perform the essential elements of their respective jobs, and cash bonuses as a reward for superior Company and individual performance. In this regard, base salary should generally be the largest component of cash compensation.

*Cash incentives should be linked to performance.* The bonuses paid to our named executive officers in 2008 were generally fixed amounts agreed upon as part of their employment agreement negotiations. In 2009, we adopted a formal cash bonus plan pursuant to which our executive officers will be judged against overall Company and individual performance. See - Actions Taken in Current Fiscal Year below for a description of this plan.

We believe our policies have helped us achieve our compensation objectives of attracting, motivating, retaining, and rewarding our key officers.

**Table of Contents*****Compensation Programs Design and Elements of Compensation***

We choose to pay each element of compensation to further the objectives of our compensation program, which, as noted, include the need to attract, motivate, retain, and reward key leaders critical to our success by providing competitive total compensation.

*Elements of In-Service Compensation.* For our 2008 fiscal year, our executive compensation mix included base salary, cash bonuses, share-based compensation, limited perquisites, and other benefits generally available to all employees.

We generally determine the nature and amount of each element of compensation as follows:

*Base salary.* We typically agree upon a base salary with a named executive officer at the time of initial employment, which may or may not be reflected in an employment agreement. The amount of base salary agreed upon, which is not at risk, reflects our views as to the individual executive's past experience, future potential, knowledge, scope of anticipated responsibilities, skills, expertise, and potential to add value through performance, as well as competitive industry salary practices. Although minimum base salaries for each of our current named executive officers, other than Messrs. Lacrosse and Fischer, are set by their respective employment agreements, as described below, we review executive salaries annually and may increase them based on an evaluation of the Company's performance for the year and the performance of the functional areas under an executive's scope of responsibility. We also consider qualitative criteria, such as education and experience requirements, complexity, and scope or impact of the position compared to other executive positions internally.

*Bonuses.* We provide cash bonuses, which typically are at-risk, to recognize and reward our named executive officers based on our success in a given year. In the past, we have primarily awarded bonuses on a discretionary basis. For 2008, we awarded fixed, non-performance-related bonuses to Mr. Mueller (\$250,000), Dr. Meyer (\$75,000) and Mr. Bachus and Dr. Player (\$68,750 each) that were negotiated in connection with the employment agreements we entered into with them prior to our initial public offering, while we awarded discretionary bonuses to Messrs. Richardson and Richardson (\$18,000 each), Messrs. Lacrosse and Fischer (\$45,000 each) and Dr. Player (to the extent of an additional \$6,250) that were primarily intended to reward them for their exceptional efforts expended during 2008 in performing their respective duties while also contributing to our successful initial public offering effort. In 2009, we adopted a formal cash bonus plan pursuant to which our executive officers will be judged against overall Company and individual performance. See - Actions Taken in Current Fiscal Year below for a description of this plan.

*Share-based compensation.* In connection with our initial public offering, we adopted our 2008 Equity Incentive Plan (the Incentive Plan) and authorized 4,199,937 shares of common stock for grants thereunder. Under the terms of this plan, the number of shares authorized for grants thereunder automatically increased on January 1, 2009 by 2.5% of the number of shares of our common stock issued and outstanding on December 31, 2008, to 5,336,566 shares. We have not made any grants under this plan to our named executive officers other than the grants made in connection with our initial public offering. See 2008 Grants of Plan-Based Awards for additional detail. In 2009, the Company intends to develop an equity grant program, consistent with the equity incentive policy described below, which will govern future grants of equity incentives.

*Perquisites.* We seek to compensate our named executive officers at levels that eliminate the need for material perquisites and enable each individual officer to provide for his or her own needs. Accordingly, in 2008, we provided limited perquisites to our named executive officers. See Compensation of Executive Officers Summary Compensation Table for additional detail.

*Other.* We offer other employee benefits to key executives for the purpose of meeting current and future health and security needs for the executives and their families. These benefits, which we generally offer to all eligible employees, include medical, dental, and life insurance benefits; short-term disability pay; long-term disability insurance; flexible spending accounts for medical expense reimbursements; and a 401(k) retirement savings plan. The 401(k) retirement savings plan is a defined contribution plan under Section 401(a) of the Code. Employees may make pre-tax contributions into the plan, expressed as a percentage of compensation, up to prescribed IRS annual limits, with such contributions subject to a matching Company

contribution up to prescribed limits.

**Table of Contents**

*Elements of Post-Termination Compensation and Benefits.* The employment agreements that we entered into with our current named executive officers, other than Messrs. Lacrosse and Fischer, provide for post-termination salary and benefit continuation in the event of a termination by us without Cause (as defined below) or by the executive for Good Reason (as defined below) or in the event of any such termination within 12 months following a Change in Control (as defined below), and for so long as the named executive officer abides by customary confidentiality, non-competition, and non-solicitation covenants and executes a full release of all claims, known or unknown, that the executive may have against the Company. We believe that the amounts of these payments and benefits and the periods of time during which they would be provided are fair and reasonable, and we have not historically taken into account any amounts that may be received by a named executive officer following termination when establishing current compensation levels. The elements of post-termination compensation that were in effect during 2008 pursuant to the written employment agreements consisted of the following:

*Salary continuation.* Each named executive officer would continue to receive salary payments for a period of 12 months following any qualifying termination of employment.

*Benefits continuation.* Each named executive officer would continue to receive Company -paid premiums for continued group health benefits under COBRA during the 12-month salary continuation period.

*Partially accelerated vesting of stock options.* Mr. Mueller, Dr. Meyer, and Mr. Bachus would receive partial acceleration of the vesting of their stock options to the next vesting date immediately following the date of termination, in the event of a termination by us without Cause or by the executive for Good Reason

*Fully accelerated vesting of stock options.* In the event of a termination by us without Cause or by the executive for Good Reason within 12 months following a Change in Control, each named executive officer would receive full acceleration of the vesting of their stock options.

See Potential Payments Upon Termination or Change in Control for additional detail.

***Impact of Performance on Compensation***

In the past, we have reviewed overall Company and individual performance in connection with our review of named executive officer compensation.

*Company performance.* In reviewing our performance, we focus principally on the achievement of net revenue and Adjusted EBITDA levels, and on maintaining regulatory compliance. We presently define Adjusted EBITDA as net income (loss) plus interest expense net of interest income, plus income tax expense (benefit), and plus depreciation and amortization (EBITDA), as adjusted for (i) royalty payments incurred pursuant to an agreement with our former owner that has been terminated as of April 15, 2008, (ii) management fees and expenses that are no longer paid, (iii) contributions made to Arizona school tuition organizations in lieu of the payment of state income taxes, and (iv) share-based compensation. We focus on Adjusted EBITDA in connection with our compensation decisions because we believe that it provides useful information regarding our operating performance and executive performance as it does not give effect to items that management does not consider to be reflective of our core operating performance. See Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Discussion in our Annual Report on Form 10-K for further information. As such, we believe it is fair and reasonable to our executives to assess their individual performance on the same basis as our performance is assessed by our Board of Directors and investors.

## **Table of Contents**

*Individual performance.* In reviewing individual performance, we also look at an executive's achievement of non-financial objectives that, with respect to a given named executive officer, may include achieving objectives related to some or all of the following:

- program development and expansion;
- regulatory compliance; and
- enrollment growth.

### ***Equity Incentives***

In 2008, our Board of Directors and stockholders adopted our 2008 Equity Incentive Plan (the "Incentive Plan") and authorized and reserved a total of 4,199,937 shares of our common stock for issuance thereunder. This reserve automatically increased on January 1, 2009 by 2.5% of the number of shares of common stock issued and outstanding on December 31, 2008, to 5,336,566 shares, and will increase on each subsequent January 1 through 2018 by an amount equal to the smaller of (a) 2.5% of the number of shares of common stock issued and outstanding on the immediately preceding December 31, or (b) a lesser amount determined by our Board of Directors. Shares subject to awards that expire or are cancelled or forfeited will again become available for issuance under the Incentive Plan. The shares available will not be reduced by awards settled in cash or by shares withheld to satisfy tax withholding obligations. Only the net number of shares issued upon the exercise of stock appreciation rights or options exercised by means of a net exercise or by tender of previously owned shares will be deducted from the shares available under the Incentive Plan.

We may grant awards under the Incentive Plan to our employees, officers, directors, or consultants, or those of any future parent or subsidiary corporation or other affiliated entity. While we may grant incentive stock options only to employees, we may grant nonstatutory stock options, stock appreciation rights, restricted stock purchase rights or bonuses, restricted stock units, performance shares, performance units, and cash-based awards or other stock-based awards to any eligible participant.

Only members of the Board of Directors who are not employees at the time of grant are eligible to participate in the non-employee director awards component of the Incentive Plan. The Board of Directors, based on the recommendation of the nominating and corporate governance committee, will set the amount and type of non-employee director awards to be awarded on a periodic, non-discriminatory basis. Non-employee director awards may be granted in the form of nonstatutory stock options, stock appreciation rights, restricted stock awards and restricted stock unit awards.

In the event of a change in control, as described in the Incentive Plan, the acquiring or successor entity may assume or continue all or any awards outstanding under the Incentive Plan or substitute substantially equivalent awards. Any awards that are not assumed or continued in connection with a change in control or are not exercised or settled prior to the change in control will terminate effective as of the time of the change in control. In connection with a change in control, the compensation committee may provide for the acceleration of vesting of any or all outstanding awards upon such terms and to such extent as it determines, except that the vesting of all non-employee director awards will automatically be accelerated in full, and the vesting of awards held by each of our named executive officers who are parties to employment agreements will automatically be accelerated in full upon termination other than for cause upon or within 12 months following such change in control. The Incentive Plan also authorizes the compensation committee, in its discretion and without the consent of any participant, to cancel each or any outstanding award denominated in shares upon a change in control in exchange for a payment to the participant with respect to each share subject to the cancelled award of an amount equal to the excess of the consideration to be paid per share of common stock in the change in control transaction over the exercise price per share, if any, under the award.

Our Board of Directors has approved a policy relating to the granting of stock options and other equity-based awards. Under this policy:

- all stock option grants, restricted stock awards, and other equity based awards, which we collectively refer to as stock-based grants, must be approved by the compensation committee;
- all stock-based grants must be approved at formal meetings (including telephonic) of the compensation committee;





**Table of Contents**

the date for determining the strike price and similar measurements for stock-based awards will be the date of the meeting (or a date shortly after the meeting) or, in the case of an employee, director, or consultant not yet hired, appointed, or retained, respectively, the subsequent date of hire, appointment, or retention, as the case may be;

we will not intentionally grant stock-based awards before the anticipated announcement of materially favorable news or intentionally delay the grant of stock-based awards until after the announcement of materially unfavorable news; and

the compensation committee will approve stock-based grants only for persons specifically identified at the meeting by management.

***Conclusion***

We believe that the compensation amounts paid to our named executive officers for their service in 2008 were reasonable and appropriate and in our best interests.

***Actions Taken in Current Fiscal Year***

In March 2009, our compensation committee adopted a performance-based cash bonus plan for our named executive officers and other eligible senior management team members for the 2009 fiscal year.

Under the new bonus plan, a participant's bonus will be based on the Company's achievement of revenue and Adjusted EBITDA targets, as well as the participant's achievement of individual performance goals. Depending on a participant's level, the financial metrics will account for between 60% and 80% of the target bonus and the specific individual performance goals will account for between 20% and 40% of the target bonus. For purposes of the plan, Adjusted EBITDA is defined as net income plus interest expense net of interest income, plus income tax expense, and plus depreciation and amortization (EBITDA), as adjusted for (i) royalty payments incurred pursuant to an agreement with our former owner that has been terminated as of April 15, 2008; (ii) share-based compensation accrued pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004), Share Based Payment (SFAS 123(R)), and any other GAAP expense related to equity compensation awards for the 2009 fiscal year; (iii) any extraordinary, nonrecurring items as determined in accordance with APB Opinion No. 30; and (iv) all amounts (including settlement payments, legal fees, costs and other litigation and/or settlement expenses) expensed during the 2009 fiscal year in connection with the settlement of litigation matters.

Under the plan, the compensation committee has established a target bonus for each of the named executive officers and eligible senior management. The target bonus has been set at 100% of base salary for Mr. Mueller and 50% of base salary for Dr. Meyer, Mr. Bachus and Dr. Player. For each of these named executive officers, the financial metrics will account for 80% of the target bonus, with the revenue target and the Adjusted EBITDA target accounting for 37.5% and 62.5% of such 80%, respectively, and the specific individual performance goals will account for 20% of the target bonus. The actual percentage is determined on the basis of the Company's achievement of the revenue and Adjusted EBITDA targets that the compensation committee established for the 2009 fiscal year. With respect to these targets, the threshold goal was set using the Company's budget for the 2009 fiscal year. For participants to earn any payout under the plan, the company must achieve a threshold of 95% of budgeted revenue and Adjusted EBITDA. Assuming these thresholds are achieved, payouts will be made based on a minimum of 95% of budgeted revenue and Adjusted EBITDA (resulting in a bonus of 50% of the target bonus allocable to the financial metrics) and a maximum of 105% of budgeted revenue and 107% of Adjusted EBITDA (resulting in a bonus of 150% of the target bonus allocable to the financial metrics). Performance between minimum and maximum levels result in prorated payments to plan participants using straight-line interpolation.

**Table of Contents**

Shown below is a summary of the matrix:

<b>Goal</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
Revenue Goal (37.5% of financial metric)	95% of budget	100% of budget	105% of budget
Adjusted EBITDA (62.5% of financial metric)	95% of budget	100% of budget	107% of budget
Pay-Out as % of Target Bonus	50%	100%	150%

Under the plan, the actual bonus that each of these named executive officers could earn for the 2009 fiscal year ranges from 0% to a maximum of 140% of his or her annual target bonus (with such maximum achieved by obtaining the maximum payout for achieving the financial metrics (80% \* 150%, or 120%) and achieving the individual goals (an additional 20%). To illustrate how the 2009 fiscal year plan functions, assume that a named executive officer's base salary for 2009 is \$300,000 and that the target bonus is 50% of base salary. Of this target bonus of \$150,000, \$45,000 (or 37.5% of the 80% subject to achievement of the financial metrics) would be based upon the Company's achievement of the revenue target, \$75,000 (or 62.5% of the 80% subject to the achievement of the financial metrics) would be based on the Company's achievement of the Adjusted EBITDA target, and \$30,000 (20%) would be based on the participant's achievement of his or her individual performance goals. If the revenue target is achieved at the threshold level (so only 50% of the revenue component is payable at that level), the Adjusted EBITDA target is achieved at the maximum level (so that 150% of the Adjusted EBITDA component is payable at that level), and the specific individual performance goals are met, the participant would be entitled to a potential bonus of \$165,000 (calculated as \$22,500 plus \$112,500 plus \$30,000).

The plan for eligible senior management other than the named executive officers is similar to the above, except that, for participant's below the named executive officer level, the bonus will be calculated based on two six-month cycles, such that the determination of the bonus payable for the first half of fiscal 2009 will be determined on the basis of the achievement of the revenue, Adjusted EBITDA and individual performance targets established for each period.

***Effect of Accounting and Tax Treatment on Compensation Decisions******Internal Revenue Code Section 162(m) Policy***

Section 162(m) of the Code generally imposes a \$1 million limit on the amount that a public company may deduct for compensation paid to a company's chief executive officer or, based upon recent guidance from the IRS, any of the company's three other most highly compensated executive officers (other than the chief financial officer) who are employed as of the end of the year. This limitation does not apply to compensation that meets the requirements under Section 162(m) for qualifying performance-based compensation (i.e., compensation paid only if the individual's performance meets pre-established objective goals based on performance criteria approved by stockholders) that is established by a committee that consists only of outside directors as defined for purposes of Section 162(m). For 2008, we did not consider Section 162(m) because most of our compensation awards were made prior to the time we became a public company. However, all members of the compensation committee qualify as outside directors, and we intend to consider the potential long-term impact of Section 162(m) when establishing compensation, and we currently expect to qualify our compensation programs as performance-based compensation within the meaning of the Code to the extent that doing so remains consistent with our compensation philosophy and objectives.

***Internal Revenue Code Section 409A***

Section 409A of the Code (Section 409A) requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our named executive officers, so that they are either exempt from, or satisfy the requirements of, Section 409A. With respect to our compensation and benefit plans that are subject to Section 409A, in accordance with Section 409A and regulatory guidance issued by the Internal Revenue Service, we are currently operating such plans in compliance with

Section 409A.

**Table of Contents***Accounting Standards*

SFAS 123(R) requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock options and restricted under the Incentive Plan are accounted for under SFAS 123(R). The compensation committee regularly considers the accounting implications of significant compensation decisions, including in connection with decisions that relate to the Incentive Plan and equity award programs thereunder. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

**Compensation of Named Executive Officers***Summary Compensation Table*

The following table sets forth the total compensation earned for services rendered by our principal executive officer, our former principal executive officer, our principal financial officer, our former principal financial officer, and our four other most highly compensated executive officers whose total compensation for the fiscal year ended December 31, 2008 was in excess of \$100,000 and who were serving as executive officers at the end of that fiscal year. The listed individuals are referred to herein as the named executive officers.

<b>Name and Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus (1)</b>	<b>Stock Awards (2)</b>	<b>Option Awards (3)</b>	<b>All Other Compensation (4)</b>	<b>Total</b>
Brent D. Richardson <i>Executive Chairman</i> (Former Principal Executive Officer) (*)	2008	\$ 297,500	\$ 18,000	\$	\$	\$ 15,628	\$ 345,038
	2007	283,395	75,000			30,169	374,654
Brian E. Mueller <i>Chief Executive Officer</i> (Principal Executive Officer) (5)	2008	246,154	250,000	1,311,948	149,181	7,740	1,965,023
Dr. W. Stan Meyer <i>Executive Vice President</i> (5)	2008	147,692	75,000		59,673		282,365
Daniel E. Bachus <i>Chief Financial Officer</i> (Principal Financial Officer) (5)	2008	132,212	68,750		53,705		254,667
Christopher C. Richardson <i>General Counsel</i>	2008	297,500	\$ 18,000			7,750	323,250
	2007	282,251	75,000			572	357,823
Dr. Kathy Player <i>Grand Canyon University President</i>	2008	230,000	75,000		142,764	7,750	455,514
	2007	152,025	53,000			5,037	210,062
Michael S. Lacrosse <i>Chief Information Officer</i>	2008	180,000	45,000		140,974	6,750	372,724
	2007	164,834	45,000			5,562	215,396
Timothy R. Fischer <i>Former Chief Financial Officer</i> (Former Principal Financial Officer) (6)	2008	205,000	45,000		138,288	7,525	395,814
	2007	201,678	51,000			6,551	259,229

- (1) For Mr. Mueller, Dr. Meyer, and Mr. Bachus, the amounts in this column reflect non-performance-related bonuses that were negotiated in connection with the employment agreements we entered into with them prior to our initial public offering. For Dr. Player, the amount in this column reflects a non-performance-related bonus of \$68,750 that was negotiated in connection with the employment agreement we entered into with her prior to our initial public offering, as well as an additional discretionary bonus of \$6,250. For Messrs. Richardson, Richardson, Lacrosse, and Fischer, the amounts in this column reflect discretionary bonuses.

**Table of Contents**

- (2) The amounts shown in this column reflect the compensation costs attributable to unrestricted stock granted to Mr. Mueller in 2008 recognized in fiscal year 2008 for financial statement reporting purposes in accordance with SFAS 123(R). The compensation costs are based on the SFAS 123(R) grant date fair value for the shares of common stock granted. Such grant date fair value has been calculated on the basis of the fair market value of our common stock on the grant date. No shares of stock were granted in any year prior to 2008.
- (3) The amounts shown in this column reflect the SFAS 123(R) compensation costs recognized in fiscal year 2008 attributable to the stock options granted to the named executive officers in 2008. The SFAS 123(R) compensation costs are based on the SFAS 123(R) grant date fair value of each stock option and do not take into account any estimated forfeitures

related to service-based vesting conditions, if any. Assumptions used in the calculation of the SFAS 123(R) grant date fair value of each option granted during the 2008 fiscal year are set forth in Notes 2 and 14 to our financial statements for the fiscal year ended December 31, 2008 included in our 2008 Annual Report on Form 10-K. No options were granted in any year prior to 2008.

- (4) For Mr. Brent D. Richardson, the amounts in this column include the value of payments made by us on a Company-owned vehicle used by Mr. Richardson and, for 2007 only, the amount of an employee-receivable forgiven by the Company and personal tax preparation fees paid for by the Company. For Mr. Mueller, the amount in this column reflects the value of tuition-free enrollment for an additional child at Grand Canyon University (beyond the single spouse or child tuition benefit available to all full-time Company



employees). For Messrs. Christopher D. Richardson, Lacrosse, and Fischer and Dr. Player, the amounts in this column reflect matching payments made by the Company under our 401(k) plan.

- (5) Mr. Mueller, Dr. Meyer, and Mr. Bachus commenced employment with us on July 1, 2008.
- (6) Mr. Fischer was appointed our Chief Administrative Officer effective July 1, 2008. From 2007 through June 30, 2008, he served as our Chief Financial Officer.
- (\* Mr. Richardson served as our Chief Executive Officer from 2004 through June 30, 2008.

**2008 Grants of Plan-Based Awards**

The following table provides certain summary information concerning each grant of an award made to a named executive officer in fiscal year 2008 under an equity compensation plan. Messrs. Brent D. Richardson and Christopher C. Richardson did not receive any such awards during 2008. For 2008, we did not have in effect any non-equity compensation plans.

<b>Name</b>	<b>Grant Date</b>	<b>All Other Stock Awards: Number of Shares of Stock (#)</b>	<b>All Other Option Awards: Number of Securities Underlying Options (#)</b>	<b>Exercise or Base Price of Option Awards (\$/Sh)</b>	<b>Grant Date Fair Value of Stock and Option Awards \$(1)</b>
Brian E. Mueller		109,329(2)	1,093,288(3)	12.00	\$ 7,845,437

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	November 19, 2008			
Dr. W. Stan Meyer	November 19, 2008	437,315(3)	12.00	2,613,394
Daniel E. Bachus	November 19, 2008	393,584(3)	12.00	2,352,058
Dr. Kathy Player	November 19, 2008	43,732(3)	12.00	261,342
	November 19, 2008	29,463(5)	12.00	
Michael S. Lacrosse	November 19, 2008	30,612(4)	12.00	182,937
	November 19, 2008	29,463(5)	12.00	
Timothy R. Fischer	November 19, 2008	10,933(4)	12.00	65,335
	November 19, 2008	29,463(5)	12.00	

(1) The dollar value reported in this column with respect to option awards represents the grant date fair value of each option award determined in accordance with the provisions of SFAS 123(R). A discussion of the valuation assumptions used in the SFAS 123(R) calculation of grant date fair value is set forth in Notes 2 and 14 to our financial statements for the fiscal year

ended  
December 31,  
2008, included  
in our 2008  
Annual Report  
on Form 10-K.  
The dollar value  
reported in this  
column with  
respect to stock  
awards  
represents the  
grant date fair  
value of each  
such award  
based on the fair  
market value of  
the shares of our  
common stock  
on the grant  
date.

**Table of Contents**

- (2) Represents an unrestricted stock grant that was fully vested upon grant.
  
- (3) The shares covered by the options granted to Mr. Mueller, Dr. Meyer, Mr. Bachus and Dr. Player vest in five successive equal annual installments upon the completion of each year of service with us over the five year period measured from the November 19, 2008 grant date, subject to fully accelerated vesting in the event of a termination of employment by us without cause or by the executive for good reason within 12 months following a change in control of the Company. Mr. Mueller, Dr. Meyer, and Mr. Bachus also receive partially accelerated

vesting through the next vesting date immediately following the date of termination, upon the termination of employment by us without cause or by the executive for good reason.

(4) The shares covered by this option vest in five successive equal annual installments upon the completion of each year of service with us over the five year period measured from the November 19, 2008 grant date.

(5) The shares covered by this option were fully vested upon grant.

***Disclosure Relating to Summary Compensation Table and Grants of Plan-Based Awards Table***

Effective July 1, 2008, we entered into employment agreements with Mr. Mueller, Dr. Meyer, and Mr. Bachus that govern the terms of their service as our Chief Executive Officer, Executive Vice President, and Chief Financial Officer, respectively. Effective September 1, 2008, we entered into an employment agreement with Dr. Kathy Player that governs the terms of her service as the President of Grand Canyon University. Effective September 10, 2008, we entered into amended and restated employment agreements with each of Brent D. Richardson and Christopher C. Richardson that govern the terms of their service as Executive Chairman and General Counsel, respectively. Each agreement has a four-year term and automatically renews for one year periods after the initial four-year term unless either party provides written notice that it does not wish to renew the respective agreement. Except with respect to certain items of compensation, as described below, the terms of each agreement are similar in all material respects.

The agreements with each of Brent D. Richardson and Christopher C. Richardson provide for a base salary of \$297,500, subject to annual review by the compensation committee, and entitle each to receive performance bonuses as determined by the compensation committee based upon the Company's achievement of performance, budgetary, and other objectives, as set in advance by the compensation committee. The

agreements do not set a target performance bonus amount and, as discussed elsewhere in this proxy statement, although Messrs. Richardson and Richardson are eligible to participate in the Incentive Plan, we do not anticipate granting any material awards under the Incentive Plan to them and their agreements do not provide for any such awards.

The agreements with each of Mr. Mueller, Dr. Meyer, Mr. Bachus and Dr. Player provide for a base salary of \$500,000, \$300,000, \$275,000, and \$275,000 per year, respectively, subject to annual review by the compensation committee, and, for 2008, also provided for a fixed bonus of \$250,000, \$75,000, \$68,750, and \$68,750, respectively. Dr. Player was awarded an additional \$6,250 discretionary bonus primarily intended to reward her for her exceptional efforts expended in 2008 in performing her duties, while also contributing to our successful initial public offering effort. The agreements entitle each of Mr. Mueller, Dr. Meyer, Mr. Bachus and Dr. Player to earn incentive compensation for 2009 and future years targeted at 100%, 50%, 50%, and 50% of his or her base salary, respectively, subject to the satisfaction of criteria to be established by our compensation committee. Mr. Mueller, Dr. Meyer, Mr. Bachus and Dr. Player are also eligible to receive equity incentive awards under our Incentive Plan.

**Table of Contents**

Pursuant to their agreements, Mr. Mueller, Dr. Meyer, and Mr. Bachus received equity grants upon the effectiveness of our initial public offering at the initial public offering price of \$12.00 per share. Mr. Mueller, Dr. Meyer, and Mr. Bachus each received a grant of an option to purchase 1,093,288 shares of common stock, 437,315 shares of common stock and 393,584 shares of common stock, respectively, which vests ratably, on an annual basis, over a five-year period beginning on the date of grant. These options are subject to (i) accelerated vesting through the next vesting date immediately following the date of termination in the event of a termination of employment by us without cause or by the executive for good reason, and (ii) fully accelerated vesting in the event of a termination of employment by us without cause or by the executive for good reason within 12 months following a change in control of the Company. Mr. Mueller also received a grant of 109,329 shares of our common stock, which shares were fully vested on the date of grant. Each agreement entitles the executive to receive customary and usual fringe benefits generally available to our senior management, and to be reimbursed for reasonable out-of-pocket business expenses. Each agreement entitles the executive to certain benefits upon his or her termination of employment under specified circumstances.

In addition, each of the above employment agreements provides for payments upon certain terminations of the executive's employment. For a description of these termination provisions, whether or not following a change-in-control, and a quantification of benefits that would be received by these executives, see the heading

Potential Payments upon Termination or Change in Control below.

Upon the effectiveness of our initial public offering, reflecting her long period of service to the Company, Dr. Player received a discretionary grant of (i) an option to purchase 43,732 shares of common stock at the initial public offering price of \$12.00 per share, which vests ratably, on an annual basis, over a five-year period beginning on the date of grant, and which is subject to fully accelerated vesting in the event of a termination of employment by us without cause or by the executive for good reason within 12 months following a change in control of the Company, and (ii) an option to purchase 29,463 shares of common stock at the initial public offering price of \$12.00 per share, which was fully vested upon grant. Upon the effectiveness of our initial public offering, reflecting their long period of service to the Company, Messrs. LaCrosse and Fischer each received a discretionary grant of (i) an option to purchase 30,612 shares of common stock and 10,933 shares of common stock, respectively, at the initial public offering price of \$12.00 per share, which vests in five successive equal annual installments upon the completion of each year of service with us over the five year period beginning on the date of grant, and (ii) an option to purchase 29,463 shares of common stock at the initial public offering price of \$12.00 per share, which was fully vested upon grant.

**Table of Contents****2008 Outstanding Equity Awards at Fiscal Year-End**

The following table provides certain summary information concerning outstanding equity awards held by the named executive officers as of December 31, 2008.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable (2)	Option Awards			Stock Awards(1)	
		Number of Securities Underlying Unexercised Options (#) Unexercisable (3)(4)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested
Brian E. Mueller		1,093,288	\$ 12.00	November 19, 2018		
Dr. W. Stan Meyer		437,315	12.00	November 19, 2018		
Daniel E. Bachus		393,584	12.00	November 19, 2018		
Dr. Kathy Player	29,463	43,732	12.00	November 19, 2018		
Michael S. Lacrosse	29,463	30,612	12.00	November 19, 2018		
Timothy R. Fischer	29,463	10,933	12.00	November 19, 2018		

(1) Mr. Mueller received a stock award of 109,329 shares of common stock on November 19, 2008, which was the date our registration statement for our initial public offering became effective, that was fully vested upon grant.



(2) The shares covered by these options were fully vested upon grant.

(3) The shares covered by the options granted to Mr. Mueller, Dr. Meyer, Mr. Bachus and Dr. Player vest in five successive equal annual installments upon the completion of each year of service with us over the five year period measured from the November 19, 2008 grant date, subject to fully accelerated vesting in the event of a termination of employment by us without cause or by the executive for good reason within 12 months following a change in control of the Company. Mr. Mueller, Dr. Meyer, and Mr. Bachus also receive partially accelerated vesting through the next vesting date immediately following the date of termination, upon the termination of

employment by  
us without cause  
or by the  
executive for  
good reason.

- (4) The shares covered by the options granted to Messrs. Lacrosse and Fischer vest in five successive equal annual installments upon the completion of each year of service with us over the five year period measured from the November 19, 2008 grant date.

***Option Exercises and Stock Vested***

None of our named executive officers exercised any stock options during the fiscal year ended December 31, 2008. Mr. Brian E. Mueller, our Chief Executive Officer and Director, received a stock award of 109,329 shares of common stock on November 19, 2008, which was the date our registration statement for our initial public offering became effective, that was fully vested upon grant. The value of such grant was \$1,311,948, which was determined by multiplying the number of shares of stock granted by \$12.00, which was the initial public offering price of our common stock.

**Potential Payments upon Termination or Change in Control**

We have employment agreements with our named executive officers (other than Messrs. Lacrosse and Fischer) that entitle them to certain severance payments and other benefits in the event of certain types of terminations, which are summarized below.

**Table of Contents**

***Termination for Cause***

Each of the employment agreements provides that if the named executive officer is terminated by us for Cause, the named executive officer will be entitled to receive only his or her base salary then in effect, pro rated to the date of termination, and all fringe benefits through the date of termination, and all of such officer's vested and unvested options will terminate. For purposes of each of the employment agreements, Cause is defined as (a) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the executive with respect to the executive's obligations or otherwise relating to the business of the Company; (b) the executive's material breach of the employment agreement; (c) the executive's breach of the Company's employee nondisclosure and assignment agreement; (d) the executive's conviction or entry of a plea of nolo contendere for fraud, misappropriation or embezzlement, or any felony or crime of moral turpitude; (e) the executive's inability to perform the essential functions of the executive's position, with or without reasonable accommodation, due to a mental or physical disability; (f) the executive's willful neglect of duties as determined in the sole and exclusive discretion of the Board of Directors, provided that the executive has received written notice of the action or omission giving rise to such determination and has failed to remedy such situation to the satisfaction of the Board of Directors within 30 days following receipt of such written notice, unless the executive's action or omission is not subject to cure, in which case no such notice shall be required, or (g) the executive's death.

***Termination Without Cause or Termination for Good Reason***

Each of the employment agreements provides that if the named executive officer's employment is terminated by us without Cause, or by the executive for Good Reason, the named executive officer will be entitled to receive his or her base salary then in effect, pro rated to the date of termination, as well as a severance package consisting of the following:

- a severance payment equivalent to 12 months of the executive's base salary then in effect on the date of termination, payable in accordance with the Company's regular payroll cycle commencing with the first payroll date occurring on or after the 60th day following the date of the executive's termination of employment;

- payment by us of the premiums required to continue the executive's group health care coverage for a period of 12 months following the executive's termination, under the applicable provisions of the Consolidated Omnibus Budget Reconciliation Act ( COBRA ), provided that the executive timely elects to continue and remains eligible for these benefits under COBRA, and does not become eligible for health coverage through another employer during this period; and

- with respect to Mr. Mueller, Dr. Meyer, and Mr. Bachus, acceleration of the vesting of the next annual installment of the options granted to them in November 2008 that would otherwise have vested on the next vesting date following the termination of the executive's employment.

To receive the severance package, the executive must: (i) comply with all surviving provisions of his or her agreement, including the non-competition, non-solicitation, and confidentiality provisions described below, and (ii) execute a full general release, releasing all claims, known or unknown, that executive may have against us arising out of or in any way related to executive's employment or termination of employment with us. In addition, for options that previously vested, the executive has until the earlier of three months from the date of separation and the expiration of the applicable option to exercise such option.

For purposes of each of the employment agreements, Good Reason is defined as the occurrence of any of the following conditions without the executive's written consent, which condition remains in effect 30 days after the executive provides written notice to us of such condition: (a) a material reduction in the executive's base salary as then in effect prior to such reduction, other than as part of a salary reduction program among similar management employees, (b) a material diminution in the executive's authority, duties or responsibilities as an employee of the Company as they existed prior to such change, or (c) a relocation of the executive's principal place of work that increases the executive's one-way commute distance by more than 50 miles; provided that the executive will be deemed to have given consent to any such condition if the executive does not provide written notice to us of his or her intent to exercise such rights within 30 days following the first occurrence of such condition.



**Table of Contents*****Termination Upon a Change in Control***

Each of the employment agreements provides that if the named executive officer's employment is terminated by us without Cause or by the executive for Good Reason, in each case upon or within 12 months following a Change in Control, then, in addition to receiving his or her base salary then in effect, pro rated to the date of termination, and the severance package described above, the named executive officer will also be entitled to acceleration of the vesting of all stock options held by such executive that have not yet vested as of the date of such termination. For purposes of each of the employment agreements, Change in Control is defined as any one of the following occurrences: (a) any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the Exchange Act)), becomes the beneficial owner (as such term is defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the total fair market value or total combined voting power of our then-outstanding securities entitled to vote generally in the election of directors; provided, however, that a Change in Control shall not be deemed to have occurred if such degree of beneficial ownership results from any of the following: (i) an acquisition of securities by any person who on the effective date of the employment agreement was the beneficial owner of more than 50% of such voting power, (ii) any acquisition of securities directly from us including, without limitation, pursuant to or in connection with a public offering of securities, (iii) any acquisition of securities by us, (iv) any acquisition of securities by a trustee or other fiduciary under a Company employee benefit plan, or (v) any acquisition of securities by an entity owned directly or indirectly by stockholders of the Company in substantially the same proportions as their ownership of the voting securities of the Company; (b) the sale or disposition of all or substantially all of the Company's assets (other than a sale or disposition to one or more subsidiaries of the Company), or any transaction having similar effect is consummated; (c) the Company is party to a merger or consolidation that results in the holders of voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (d) the dissolution or liquidation of the Company.

***Non-Competition and Non-Solicitation Obligations***

Each of the agreements prohibits the executives from engaging in any work that creates an actual conflict of interest with us, and includes customary non-competition and non-solicitation covenants that prohibit the executives, during their employment with us and for 12 months thereafter, from (i) owning (except ownership of less than 1% of any class of securities which are listed for trading on any securities exchange or which are traded in the over the counter market), managing, controlling, participating in, consulting with, rendering services for, or in any manner engaging in the operation of a for-profit, postsecondary education institution or any other business that is in the same line of business as us; (ii) soliciting funds on behalf of, or for the benefit of, any for-profit, postsecondary education institution (other than us) or any other entity that competes with us; (iii) soliciting our current or prospective students to be students for any other for-profit, postsecondary education institution; (iv) inducing or attempting to induce any of our employees to leave our employ, or in any way interfering with the relationship between us and any of our employees; or (v) inducing or attempting to induce any of our students, customers, suppliers, licensees, or other business partners to cease doing business with, or modify its business relationship with, us, or in any way interfere with or hinder the relationship between any such student, customer, supplier, licensee, or business partner and us. Each of the executives has separately entered into a confidentiality agreement with us.

**Table of Contents**

The following table provides information regarding the potential payments upon termination without Cause or for Good Reason, as well upon termination without Cause or for Good Reason after a Change in Control of the Company, which would have been paid to each executive in the event he or she had been terminated as of December 31, 2008. All payments in connection with any such termination will comply with Section 409A of the Code, to the extent Section 409A applies. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company.

	Termination without Cause or for Good Reason			Termination without Cause or for Good Reason following a Change in Control		
	Cash Payment (\$)(1)	Benefits (\$)(2)	Acceleration of Vesting of Options (\$)(3)	Cash Payment (\$)(1)	Benefits (\$)(2)	Acceleration of Vesting of Options (\$)(3)
Brent D. Richardson	\$ 297,500	\$ 18,298	\$	\$ 297,500	\$ 18,298	\$
Brian E. Mueller	500,000	18,298	1,482,499	500,000	18,298	7,412,493
Dr. W. Stan Meyer	300,000	18,298	592,999	300,000	18,298	2,964,996
Daniel E. Bachus	275,000	18,298	533,700	275,000	18,298	2,668,500
Christopher C. Richardson	297,500	18,298		297,500	18,298	
Dr. Kathy Player	275,000			275,000		296,503

(1) Assumes a termination date of December 31, 2008, and is based on the executive's salary in effect at such date.

(2) Reflects the cost related to the continuation of the executive's health benefits for the period specified. Dr. Player does not currently receive Company-paid benefits.

- (3) Calculated based on an assumed termination date of December 31, 2008 and the closing market price of our common stock on the Nasdaq Global Market on such date, less the applicable exercise price for each option for which vesting is accelerated.

#### **2008 Compensation of Directors**

We did not pay our directors any compensation for their services in that capacity prior to our initial public offering, but did pay them for attending the one meeting that occurred following the consummation of our initial public offering. We also reimbursed our non-employee directors for all reasonable expenses incurred by them in attending board and committee meetings.

In 2009, we adopted a directors' compensation policy for our non-employee directors which slightly modifies the policy that had previously been adopted by our Board of Directors prior to our initial public offering with respect to the form of the annual retainer to be paid to each director and with respect to the provision of equity grants to newly appointed or elected directors. Like the prior policy, the new compensation policy utilizes annual retainers, per meeting fees, and restricted stock grants. For joining our board, Messrs. Johnson and Henry and any new non-employee directors will receive an award of restricted stock under our Incentive Plan valued at \$20,000, which will vest on the one year anniversary of the date of grant, subject to accelerated vesting in the event of a change in control. For serving on the Board of Directors, our non-employee directors will receive an annual retainer of \$60,000 in cash or, at their election, an annual retainer consisting of \$30,000 in cash and an award of restricted stock under our Incentive Plan valued at \$35,000. The restricted stock grants to our non-employee directors will be made after our annual meeting of stockholders each year and will vest on the earlier of the one year anniversary of the date of grant or immediately prior to the next year's annual meeting of stockholders, subject to acceleration in the event of a change in control. In addition, our lead outside director will receive an annual cash retainer of \$33,333, each non-employee director will receive an annual cash retainer for service on a board committee of \$5,000, and each committee chair will receive an additional annual retainer of \$2,500, except for the chair of the audit committee, whose additional annual retainer will be \$5,000. Each of the annual retainers will be payable in quarterly installments. We will also pay our non-employee directors a fee of \$2,000 per meeting for each meeting of the Board of Directors attended. We will reimburse all of our directors for reasonable expenses incurred to attend our board and committee meetings.

**Table of Contents**

The following table provides information regarding the compensation paid to our non-employee directors in 2008 following our initial public offering in November 2008:

<b>Name(1)</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Equity-Based Awards \$(2)</b>	<b>Total (\$)</b>
Chad N. Heath	\$ 2,000	\$	\$ 2,000
D. Mark Dorman	2,000		2,000
David J. Johnson	2,000	32,464	34,464
Jack A. Henry	2,000		2,000

(1) Directors who are Company employees receive no additional compensation for serving on the Board of Directors. Compensation for Brent D. Richardson and Christopher C. Richardson is reflected in the Summary Compensation Table above.

(2) For agreeing to serve as our lead independent director, Mr. Johnson received, upon the effectiveness of our initial public offering, a grant of an option to purchase 145,772 shares of our common stock, at an



exercise price of \$12.00 per, which was the initial public offering price of our common stock, which vests ratably, on an annual basis, over a three-year period. The amount shown in this column reflects the SFAS 123(R) compensation costs recognized in fiscal year 2008 attributable to the stock options granted to Mr. Johnson. The SFAS 123(R) compensation cost is based on the SFAS 123(R) grant date fair value of such stock options and does not take into account any estimated forfeitures related to service-based vesting conditions, if any. Assumptions used in the calculation of the SFAS 123(R) grant date fair value of such options granted during the 2008 fiscal

year are set forth in Notes 2 and 14 to our financial statements for the fiscal year ended December 31, 2008 included in our 2008 Annual Report on Form 10-K.

**Compensation Committee Report**

The compensation committee has discussed and reviewed the Compensation Discussion and Analysis with management. Based upon this review and discussion, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee:

*David J. Johnson (Chair)*

*Chad N. Heath*

*D. Mark Dorman*

**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON STOCK**

The following table sets forth information regarding the beneficial ownership of our common stock as of February 28, 2009 for:

- each person, or group of affiliated persons, known to us to own beneficially 5% or more of our outstanding common stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and named executive officers as a group.

The information in the following table has been presented in accordance with the rules of the SEC. Under SEC rules, beneficial ownership of a class of capital stock includes any shares of such class as to which a person, directly or indirectly, has or shares voting power or investment power and also any shares as to which a person has the right to acquire such voting or investment power within 60 days through the exercise of any stock option, warrant or other right. If two or more persons share voting power or investment power with respect to specific securities, each such person is deemed to be the beneficial owner of such securities. Except as we otherwise indicate below and under applicable community property laws, we believe that the beneficial owners of the common stock listed below, based on information they have furnished to us, have sole voting and investment power with respect to the shares shown. Unless otherwise noted below, the address for each holder listed below is 3300 W. Camelback Road, Phoenix, Arizona 85017.

The calculations of beneficial ownership in this table are based on 45,485,765 shares outstanding at February 28, 2009 and give effect to the voting agreement described below under Certain Relationships and Related Transactions Voting Agreement.

	<b>Common Stock</b>	
	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class<sup>(1)</sup></b>
<b>Principal Stockholders:</b>		
Endeavour Capital Fund IV, L.P. and affiliates <sup>(2)</sup>	10,012,138	22.0%
Staci L. Buse <sup>(3)</sup>	3,503,171	7.7%
Significant Ventures, LLC <sup>(4)</sup>	2,971,144	6.5%
<b>Directors and Named Executive Officers:</b>		
Brent D. Richardson <sup>(5)</sup>	19,516,242	42.9%
Brian E. Mueller	109,329	*
Christopher C. Richardson <sup>(5)</sup>	19,516,242	42.9%
Daniel E. Bachus	8,000	*
Dr. W. Stan Meyer	1,500	*
Michael S. Lacrosse <sup>(6)</sup>	30,483	*
Dr. Kathy Player <sup>(6)</sup>	30,463	*
Chad N. Heath <sup>(7)</sup>	10,012,138	22.0%
D. Mark Dorman <sup>(7)</sup>	10,012,138	22.0%
David J. Johnson	7,500	*
Jack A. Henry	2,950	*
<b>All directors and executive officers as a group (11 persons)</b>	<b>29,718,625</b>	<b>65.5%</b>

\* Represents beneficial ownership of

less than 1%.

- (1) The percentage of beneficial ownership as to any person as of a particular date is calculated by dividing the number of shares beneficially owned by such person, which includes the number of shares as to which such person has the right to acquire voting or investment power within 60 days after such date, by the sum of the number of shares outstanding as of such date plus the number of shares as to which such person has the right to acquire voting or investment power within 60 days after such date. Consequently, the denominator for calculating beneficial ownership percentages may be different for each beneficial owner.



**Table of Contents**

- (2) Endeavour Capital IV, LLC is the general partner of the Endeavour Entities, and has voting and dispositive power with respect to the shares held by the Endeavour Entities. Messrs. Chad N. Heath and D. Mark Dorman, each of whom is a managing director of Endeavour Capital IV, LLC and serves on our Board of Directors, disclaim beneficial ownership of these shares except to the extent of their respective pecuniary interests. The address for these entities is 920 SW Sixth Avenue, Suite 1400, Portland, Oregon 97204.
- (3) Consists of shares of common stock held of record by Rich Crow Enterprises, LLC and

Masters Online, LLC which are attributable to, and beneficially owned by, Ms. Staci L. Buse, who is the sister of Brent D. Richardson and Christopher C. Richardson. Pursuant to a proxy and voting agreement, Messrs. Brent D. Richardson and Christopher C. Richardson have voting power over the shares beneficially owned by Ms. Buse. Each of Messrs. Brent D. Richardson and Christopher C. Richardson disclaims beneficial ownership of such shares, except to the extent of such voting interest.

- (4) Michael Clifford is the managing director of and has dispositive power with respect to the shares held by Significant Ventures, LLC. The address for Significant Ventures, LLC is 243 North

Highway 101,  
Suite 11, Solana  
Beach,  
California  
92075. Pursuant  
to a proxy and  
voting  
agreement,  
Messrs. Brent  
D. Richardson  
and Christopher  
C. Richardson  
have voting  
power over the  
shares  
beneficially  
owned by  
Significant  
Ventures, LLC.  
Each of  
Messrs. Brent  
D. Richardson  
and Christopher  
C. Richardson  
disclaim  
beneficial  
ownership of  
such shares,  
except to the  
extent of such  
voting interest.

- (5) The total for  
Messrs. Brent  
D. Richardson  
and Christopher  
C. Richardson  
consists of:

3,503,171 shares of common stock held of record by Rich Crow Enterprises, LLC and Masters Online, LLC which are attributable to, and beneficially owned by, Mr. Brent D. Richardson;

3,504,036 shares of common stock held of record by Rich Crow Enterprises, LLC and Masters Online, LLC which are attributable to, and beneficially owned by, Mr. Christopher C. Richardson;

3,503,171 shares of common stock held of record by Rich Crow Enterprises, LLC and Masters Online, LLC which are attributable to, and beneficially owned by, the sister of Messrs. Brent D. Richardson and Christopher C. Richardson as described in Note (3) above;

401,900 shares of common stock held of record by Rich Crow Enterprises, LLC that are attributable to, and beneficially owned by, another member thereof;

The shares held by Significant Ventures, as described in Note (4) above; and

5,632,820 shares of common stock held of record by other stockholders.

Pursuant to a proxy and voting agreement, Messrs. Brent D. Richardson and Christopher C. Richardson have voting power over the shares beneficially owned by their sister and by the other member of Rich Crow Enterprises, LLC, as



well as those covered by Significant Ventures, and certain other stockholders. Each of Messrs. Brent D. Richardson and Christopher C. Richardson disclaims beneficial ownership of such shares, except to the extent of such voting interest.

(6) Includes 29,463 shares of common stock issuable upon exercise of vested stock options.

(7) Consists of 10,012,138 shares of common stock held of record by the Endeavour Entities (see note (2) above). Messrs. Chad N. Heath and D. Mark Dorman, each of whom is a managing member of Endeavour Capital IV, LLC, the general partner of the Endeavour Entities, and serves on our Board of Directors, disclaim beneficial ownership of these shares except to the extent of their respective pecuniary interests.

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Policies and Procedures for Related Person Transactions**

We have adopted a written related party transactions policy, pursuant to which our executive officers, directors and principal stockholders, including their immediate family members, are not permitted to enter into a related person transaction with us without the prior consent of our audit committee. Any request for us to enter into a transaction with an executive officer, director, principal stockholder or any of such persons' immediate family members or affiliates, in which the amount involved exceeds \$120,000 must be presented to our audit committee for review, consideration and approval. All of our directors, executive officers and employees are required to report to our audit committee any such related person transaction. In approving or rejecting the proposed agreement, our audit committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. Under the policy, if we should discover related person transactions that have not been pre-approved, the audit committee will be notified and will determine the appropriate action, including ratification, rescission or amendment of the transaction.

Under the policy, certain types of transactions have been pre-approved by the audit committee, including employment arrangements with executive officers, director compensation, transactions where all stockholders receive proportional benefits, transactions involving competitive bids, regulated transactions, and banking-related service transactions. Set forth below is a summary of certain transactions since January 1, 2008, in which the Company was or is to be a participant and involving our directors, our executive officers, beneficial owners of more than 5% of our common stock, and some of the entities with which the foregoing persons are affiliated or associated, and in which the amount involved exceeds or will exceed \$120,000.

**Investor Rights Agreement**

In connection with our conversion from a limited liability company to a corporation and the related investment in us by the Endeavour Entities, and certain other investors on August 24, 2005, we entered into an investor rights agreement with the Endeavour Entities, and certain other named parties. The investor rights agreement, as currently in effect, contains agreements among the parties with respect to registration rights.

**Voting Agreement**

As discussed in our Annual Report on Form 10-K, the Department of Education and many states and accrediting commissions require institutions of higher education to report or obtain approval of certain changes in control and changes in other aspects of institutional organization or control. In connection with our initial public offering, certain of our stockholders entered into a proxy and voting agreement, pursuant to which such persons granted to Brent D. Richardson, our Executive Chairman, and Christopher C. Richardson, our General Counsel and director, a five-year irrevocable proxy to exercise voting authority with respect to certain shares of our common stock held by such persons. As a result of the agreement, as of February 28, 2009, the Richardsons have voting authority with respect to approximately 42.9% of our outstanding shares of capital stock. See Beneficial Ownership of Common Stock.

**Special Distribution**

We declared a special distribution that was paid promptly after the completion of our initial public offering in November 2008 to our stockholders who owned shares of record immediately prior to the consummation of our initial public offering. The aggregate amount of the special distribution was equal to 75% of the gross proceeds from the sale of common stock in our initial public offering, including 75% of the gross proceeds received by us from the underwriters' exercise of their over-allotment option. The aggregate amount of the special distribution was \$108.7 million, or approximately \$3.27 per common share on an as if converted basis.

**Table of Contents**

The following table sets forth the amount of cash paid as a result of the special distribution in respect of outstanding shares of our capital stock as to which each of our 5% stockholders, executive officers and directors was deemed to have sole or shared voting or investment power as of the date of the special distribution.

Name of Beneficial Owner	Shares Beneficially	Date of Acquisition	Original Acquisition	Special
	Owned and Outstanding as of November 18, 2008 <sup>(1)</sup>		Cost of Shares to which Special Distribution Related <sup>(2)</sup>	
<i>5% Stockholders</i>				
Endeavour Capital Fund IV and affiliates <sup>(3)</sup>	9,035,048	August 24, 2005	\$ 16,000	\$ 29,547
	977,090	December 18, 2007	5,863	3,195
Total	10,012,138		21,863	32,742
220 GCU, L.P. and affiliates <sup>(4)</sup>	4,756,328	February 2, 2004	3,042	15,554
	1,835,130	August 24, 2005	3,250	6,001
	545,218	December 18, 2007	3,271	1,783
Total	7,136,676		9,563	23,338
Staci L. Buse <sup>(5)</sup>	3,347,452	February 2, 2004	1,443	10,947
	155,719	December 18, 2007	934	509
Total	3,503,171		2,377	11,456
Significant Ventures, LLC	2,767,321	February 2, 2004	36	9,050
	203,823	December 18, 2007	1,223	667
Total	2,971,144		1,259	9,717
<i>Directors</i>				
Chad N. Heath <sup>(3)</sup>	9,035,048	August 24, 2005	16,000	29,547

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	977,090	December 18, 2007	5,863	3,195
Total	10,012,138		21,863	32,742
D. Mark Dorman <sup>(3)</sup>	9,035,048	August 24, 2005	16,000	29,547
	977,090	December 18, 2007	5,863	3,195
Total	10,012,138		21,863	32,742
<b><i>Executive Officers</i></b>				
Brent D. Richardson <sup>(5)</sup>	3,347,452	February 2, 2004	1,443	10,947
	155,719	December 18, 2007	934	509
Total	3,503,171		2,377	11,456
John E. Crowley <sup>(6)</sup>	382,435	February 2, 2004	164	1,251
	19,465	December 18, 2007	117	64
Total	401,900		281	1,315
Christopher C. Richardson <sup>(5)</sup>	3,348,317	February 2, 2004	1,443	10,950
	155,719	December 18, 2007	934	509
Total	3,504,036		2,377	11,459
<b><i>All directors and executive officers as a group</i></b>	7,078,204	February 2, 2004	3,050	23,148
	9,035,048	August 24, 2005	16,000	29,547
	1,307,993	December 18, 2007	7,848	4,277
	17,421,245		\$ 26,898	\$ 56,972

(1) For the purpose of calculating shares beneficially owned and outstanding as of

November 18, 2008, which was the date immediately prior to our initial public offering and the record date for purposes of determining the stockholders entitled to receive the special distribution, the number of shares of common stock deemed outstanding includes all shares of common stock issuable upon the conversion of all outstanding shares of our Series A and Series C preferred stock. Beneficial ownership is determined in accordance with the rules of the SEC that generally attribute beneficial ownership of securities to persons that possess sole or shared voting power and/or investment power with respect to those securities. The persons

identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, except as set forth in the footnotes to the table included in Beneficial Ownership of Common Stock.

**Table of Contents**

- (2) On August 24, 2005, we converted from a limited liability company to a taxable corporation. The reported acquisition cost of shares of common stock represents the value of the capital contributions originally made to acquire the limited liability company interests that were converted into common stock upon such conversion plus capital contributions for which no additional interests were issued, less capital distributions.
- (3) Represents shares held of record by the Endeavour Entities. Messrs. Chad N. Heath and D. Mark Dorman, each of whom is a managing director of Endeavour Capital IV, LLC., the

general partner of each of the Endeavour Entities, are members of our Board of Directors.

- (4) Represents shares previously held of record by 220 GCU, L.P., 220 Education, L.P., 220-SigEd, L.P., and SV One, L.P., which, prior to our initial public offering, were collectively the beneficial owners of more than 5% of our common stock.
- (5) Represents shares held of record by Rich Crow Enterprises, LLC, and Masters Online, LLC, of which Brent D. Richardson, Christopher C. Richardson, and Staci L. Buse are members and, in each case, which are attributable to, and beneficially owned by, Brent D. Richardson, Christopher C. Richardson, or Staci L. Buse, as applicable.



- (6) Represents shares held of record by Rich Crowley Enterprises, LLC, of which John E. Crowley, our former chief operating officer, is a member, which are attributable to, and beneficially owned by, John E. Crowley. Mr. Crowley resigned his position as chief operating officer on February 17, 2009.

For additional information regarding share ownership, see Beneficial Ownership of Common Stock.

#### **Arrangement with Mind Streams**

We are a party to an agreement with Mind Streams, LLC, which is owned and operated, in part, by Gail Richardson, father to Brent D. Richardson, our Executive Chairman, and Christopher C. Richardson, our General Counsel and a director. Pursuant to this agreement, Mind Streams identifies qualified applicants for admission to Grand Canyon University in return for which it is paid a stated percentage of the net revenue (calculated as tuition actually received, less scholarships, refunds, and allowances) derived by us from those identified applicants that matriculate at Grand Canyon University. The term of the agreement runs through December 31, 2010, and can be terminated by either party upon 45 days prior written notice. For the year ended December 31, 2008, we paid Mind Streams \$5.9 million pursuant to this arrangement for students enrolled and expenses reimbursed.

#### **Arrangement with Vergo Marketing**

From time to time we obtain marketing services from Vergo Marketing, Inc., of which the sister-in-law of Brent D. Richardson, our Executive Chairman, is a significant stockholder and chief executive officer. For the year ended December 31, 2008, we paid Vergo Marketing, Inc. \$0.4 million for such services.

#### **Endeavour Professional Services Agreement**

In connection with the investment by the Endeavour Entities, among others, on August 24, 2005, we entered into a professional services agreement with Endeavour Capital IV, LLC. Under the agreement, we engaged Endeavour Capital IV, LLC as a consultant to our Board of Directors on business and financial matters, including, without limitation, corporate strategy, budgeting, acquisition and divestiture strategies, and debt and equity financings. Under the agreement, we paid Endeavour Capital IV, LLC a one time fee of \$340,667 upon execution of the agreement and agreed to pay Endeavour Capital IV, LLC a consulting fee of \$250,000 per year thereafter, subject to annual increases as determined by the Board of Directors (not including those directors appointed by Endeavour) based on performance. In addition, we agreed to reimburse Endeavour Capital IV, LLC for reasonable legal, due diligence, travel and other out-of-pocket expenses, and to indemnify Endeavour Capital IV, LLC and its affiliates for any action or inaction related to the agreement, except as a result of their gross negligence or intentional misconduct. For the year ended December 31, 2008, we paid fees to Endeavour Capital IV, LLC in the amount of \$0.4 million, which amount constituted less than 5% of Endeavour Capital IV, LLC's consolidated gross revenues for such year. The professional services agreement terminated by its terms upon the closing of our initial public offering.



**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of December 31, 2008, with respect to shares of our common stock that may be issued under our existing equity compensation plans:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity Compensation Plans Approved by Securityholders	3,247,936 <sup>(1)</sup>	\$ 12.00	902,679 <sup>(2)</sup>
Equity Compensation Plans Not Approved by Securityholders	none		none
<b>Total</b>	<b>3,247,936<sup>(1)</sup></b>	<b>\$ 12.00</b>	<b>902,679<sup>(2)</sup></b>

(1) Includes outstanding options to purchase shares of our common stock under the 2008 Equity Incentive Plan.

(2) Includes shares available for future issuances under the 2008 Equity Incentive Plan.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires that our Company's directors and executive officers file initial reports of ownership and reports of changes in ownership with the SEC. Directors and executive officers are required to furnish our Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to our Company and written representations from our Company's directors and executive officers, all reports required by Section 16(a) were filed on a timely basis for the fiscal year ended December 31, 2008.

**HOUSEHOLDING OF PROXY MATERIALS**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for annual reports, proxy statements, and Notices of Internet Availability of Proxy Materials with respect to two or more stockholders sharing the same address by delivering a single annual report, proxy statement, or Notice of Internet Availability of Proxy Materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. Brokers

with account holders who are stockholders of the Company may be householding the Company's proxy materials. Once you have received notice from your broker that it will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate annual report, proxy statement, or Notices of Internet Availability of Proxy Materials or if you are receiving multiple copies thereof and wish to receive only one, please notify your broker or notify the Company by sending a written request to Grand Canyon Education, Inc., 3300 W. Camelback Road, Phoenix, Arizona, 85017, Attn: Investor Relations, or by calling (602) 639-7500.

**Table of Contents**

**ADDITIONAL INFORMATION**

Our 2008 annual report and our Annual Report on Form 10-K for fiscal year 2008, including financial statements, are being mailed with this proxy statement to all stockholders of record as of April 3, 2009, including those stockholders whose shares are held in a brokerage, bank or similar account, who will receive the same mailing from the organization holding the account.

As of the date of this proxy statement, management knows of no matters that will be presented for determination at the Annual Meeting other than those referred to herein. If any other matters properly come before the Annual Meeting calling for a vote of stockholders, it is intended that the persons named in the proxies solicited by our Board of Directors, in accordance with their best judgment, will vote the shares represented by these proxies.

**Stockholders who wish to obtain an additional copy of our Annual Report on Form 10-K, for the fiscal year ended December 31, 2008, may do so without charge by writing to Investor Relations, Grand Canyon Education, Inc., 3300 W. Camelback Road, Phoenix, Arizona 85017.**

By Order of the Board of Directors,

Christopher C. Richardson

*Secretary*

Dated: April 10, 2009

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**Table of Contents**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 11:59 p.m. (PT) on Monday, May 18, 2009.**

**Vote by Internet**

Log on to the Internet and go to **www.investorvote.com/LOPE**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

ý

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.**

- |                           |                          |                                |                    |
|---------------------------|--------------------------|--------------------------------|--------------------|
| 1. Election of Directors: | 01 - Brent D. Richardson | 02 - Christopher C. Richardson | 03 - Chad N. Heath |
|                           | 04 - D. Mark Dorman      | 05 - David J. Johnson          | 06 - Jack A. Henry |
|                           | 07 - Brian E. Mueller    |                                |                    |

- Mark here to vote **FOR** all nominees
- Mark here to **WITHHOLD** vote from all nominees
- For All **EXCEPT** - To withhold authority to vote for any nominee(s), write the name(s) of such

nominee(s)  
below.

2. To ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2009.
- |  | For                   | Against               | Abstain               |
|--|-----------------------|-----------------------|-----------------------|
|  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

**B Non-Voting Items**

**Change of Address** Please print new address below.

**C Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**  
Please sign exactly as your name(s) appear on Proxy. If held in joint tenancy, all persons must sign. Trustee, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

Date (mm/dd/yyyy) Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.  
Please print date below.

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**Table of Contents**

**ANNUAL MEETING OF  
STOCKHOLDERS**

**Tuesday, May 19, 2009  
10:00 a.m.**

**Ethington Theatre  
3300 W. Camelback Road  
Phoenix, Arizona 85017**

**Grand Canyon Education, Inc.  
3300 W. Camelback Road  
Phoenix, Arizona 85017**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on  
May 19, 2009.**

**This proxy statement and our 2008 annual report for the year ended December 31, 2008, are also available  
<http://materials.proxyvote.com/38526M>.**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE  
PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy Grand Canyon Education, Inc.**

**Notice of 2009 Annual Meeting of Stockholders**

**Ethington Theatre  
3300 W. Camelback Road  
Phoenix, Arizona 85017**

**Proxy Solicited by Board of Directors for Annual Meeting Tuesday, May 19, 2009**

Brian E. Mueller and Daniel E. Bachus, or any of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Grand Canyon Education, Inc. to be held on Tuesday, May 19, 2009 or at any postponement or adjournment thereof.

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO  
DIRECTION IS GIVEN, WILL BE VOTED FOR ITEMS 1 AND 2.**

**In their discretion, the Proxies are authorized to vote upon such other business as may properly come  
before the meeting.**

(Items to be voted appear on reverse side.)