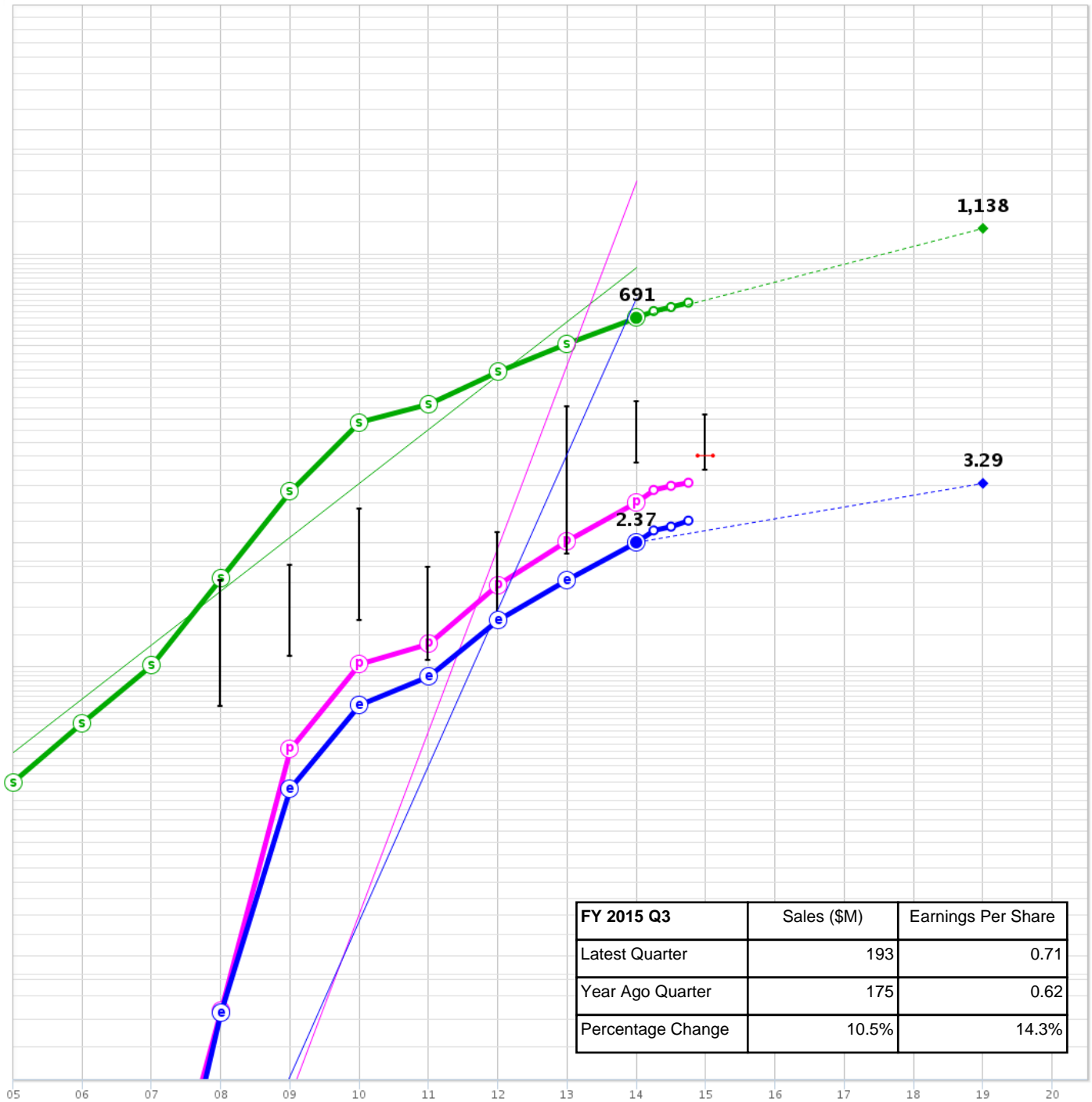


Company	Grand Canyon Educati		Date	12/18/15	
Prepared by	HARPER		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Education & Training Services	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	47.3	1.5	98.9		
Debt (\$M)	83.1	% to Tot Cap	12.5	% Pot Dil	2.7

Stock Selection Guide

Symbol: LOPE

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|--------|
| (1) Historical Sales Growth | 35.1% | (3) Historical Earnings Per Share Growth | 138.3% |
| (2) Estimated Future Sales Growth | 10.5% | (4) Estimated Future Earnings Per Share Growth | 6.8% |

2 EVALUATING Management

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	-8.3%	1.6%	2.6%	6.5%	17.3%	18.9%	19.1%	22.2%	24.2%	26.0%	22.1%
% Earned on Equity					31.9%	32.0%	33.9%	29.3%	28.2%	25.2%	29.7%
% Debt To Capital		157.3%	138.1%	37.6%	25.3%	15.8%	12.2%	30.0%	21.4%	15.4%	19.0%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 38.46 (12/18/15)

HIGH THIS YEAR 48.29

LOW THIS YEAR 35.38

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2010	28.5	15.3	0.96	29.8	16.0	0.00	0.0	0.0
2011	20.7	12.3	1.12	18.4	10.9	0.00	0.0	0.0
2012	25.0	15.8	1.54	16.3	10.3	0.00	0.0	0.0
2013	50.5	22.2	1.92	26.3	11.6	0.00	0.0	0.0
2014	52.0	37.0	2.37	21.9	15.6	0.00	0.0	0.0
AVERAGE		20.5		22.5	12.9			
CURRENT/TTM			2.68					
AVERAGE PRICE EARNINGS RATIO 17.7					CURRENT PRICE EARNINGS RATIO 14.4			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

$$\text{Avg. High P/E} \quad 22.5 \quad \times \quad \text{Estimate High Earnings/Share} \quad 3.29 \quad = \quad \text{Forecasted High Price} \quad \$ \quad 74.1$$

B LOW PRICE - NEXT 5 YEARS

$$(a) \text{ Avg. Low P/E} \quad 12.9 \quad \times \quad \text{Estimate Low Earnings/Share} \quad 2.37 \quad = \quad \text{Forecasted Low Price} \quad \$ \quad 30.6$$

$$(b) \text{ Avg. Low Price of Last 5 Years} \quad 20.5$$

$$(c) \text{ Recent Market Low Price} \quad 22.2$$

$$(d) \text{ Price Dividend Will Support} \quad \frac{\text{Indicated Dividend}}{\text{High Yield}} \quad = \quad \frac{0.00}{0.00\%} \quad = \quad 0.0$$

$$\text{Selected Forecasted Low Price} \quad \$ \quad 20.5$$

C ZONING using 25%-50%-25%

$$\text{Forecasted High Price} \quad 74.1 \quad \text{Minus Forecasted Low Price} \quad 20.5 \quad = \quad 53.6 \quad \text{Range.} \quad 25\% \text{ of Range} \quad 13.4$$

$$\text{Buy Zone} \quad 20.5 \quad \text{to} \quad 33.9$$

$$\text{Hold Zone} \quad 33.9 \quad \text{to} \quad 60.7$$

$$\text{Sell Zone} \quad 60.7 \quad \text{to} \quad 74.1$$

$$\text{Present Market Price of} \quad 38.46 \quad \text{is in the} \quad \text{HOLD} \quad \text{Zone}$$

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$$\frac{\text{High Price} \quad 74.1 \quad \text{Minus Present Price} \quad 38.46}{\text{Present Price} \quad 38.46 \quad \text{Minus Low Price} \quad 20.5} \quad = \quad \frac{35.67}{17.95} \quad = \quad 2.0 \quad \text{To 1}$$

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$$\frac{\text{High Price} \quad 74.1}{\text{Closing Price} \quad 38.46} \quad = \quad 1.9274 \quad \times \quad 100 \quad = \quad 192.74 \quad - \quad 100 \quad = \quad 92.7 \quad \% \text{ Appreciation}$$

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

$$\text{A} \quad \frac{\text{Indicated Annual Dividend} \quad 0.00}{\text{Closing Price} \quad 38.46} \quad = \quad 0.0000 \quad = \quad 0.0\% \quad \text{Current Yield}$$

B AVERAGE YIELD - USING FORECAST HIGH P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} \quad = \quad \frac{0.0\%}{22.50} \quad = \quad 0.0\%$$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} \quad = \quad \frac{0.0\%}{17.70} \quad = \quad 0.0\%$$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

$$\begin{aligned} \text{Annualized Appreciation} & \quad 14.0\% \\ \text{Average Yield} & \quad 0.0\% \\ \text{Annualized Rate of Return} & \quad 14.0\% \end{aligned}$$

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

$$\begin{aligned} \text{Annualized Appreciation} & \quad 8.7\% \\ \text{Average Yield} & \quad 0.0\% \\ \text{Annualized Rate of Return} & \quad 8.7\% \end{aligned}$$