

## AMERICAN PUBLIC EDUCATION, INC.

### CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (this “Code”) sets forth standards of conduct for all directors, officers and employees of American Public Education, Inc., and its subsidiaries (each a “Company Representative” and collectively, the “Company Representatives”). Throughout this Code, the terms “American Public Education,” “Company,” “we,” “our” and “us” are used to refer to the enterprise as a whole, including American Public University System.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but sets out basic policies to guide all Company Representatives in their business conduct. In particular, this Code covers policies designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “SEC”) and in other public communications made by the registrant;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the code to the Compliance Officer (defined below); and
- accountability for adherence to this Code.

All Company Representatives must conduct themselves in accordance with these policies and seek to avoid even the appearance of improper behavior. The Company’s officers and employees should also direct themselves to our employee manual for further guidance and discussion of many of the topics addressed in this Code.

If an applicable law has stricter requirements than a policy in this Code, you must comply with the law. If a local custom or policy conflicts with this Code, you should comply with the Code to the fullest extent possible and refer any questions regarding conflicting provisions to your supervisor or the Company’s Executive Vice President for Institutional Advancement (the “Compliance Officer”).

Each Company Representative is responsible for reading, understanding and complying with this Code. Failure to read or acknowledge the Code does not exempt a Company Representative from his or her responsibility to comply with the Code. Those who violate the policies in this Code will be subject to disciplinary action, up to and including discharge from the Company and, where appropriate, civil liability and criminal prosecution. *If you are in a*

*situation that you believe may violate or lead to a violation of this Code, you must report the situation as described in Sections 13 and 14 of this Code.*

Nothing in this Code, in any Company policy or procedure, or in other related communications (verbal or written), creates or implies a contract of employment for a definite or indefinite term.

The Company reserves the right to amend, alter or terminate this Code or the policies underlying it at any time for any reason.

## **1. Compliance with Laws, Rules and Regulations**

All Company Representative must respect and obey the governmental laws, rules and regulations (including insider trading laws) of the cities, states and countries in which we operate. Although not all Company Representatives are expected to know the details of these laws, rules and regulations, it is important to know enough to determine when to seek advice from your supervisor, the Compliance Officer or other appropriate personnel.

## **2. Honest and Ethical Conduct**

Each Company Representative must always conduct him/herself in an honest and ethical manner and act with the highest standards of personal and professional integrity. In addition, Company Representatives must be direct, honest and truthful in discussions with, or requests for information from, regulatory and governmental officials.

## **3. Conflicts of Interest**

A “conflict of interest” occurs when a person’s private interest conflicts in any way with the interests of the Company. A conflict situation can arise, for example, when a Company Representative takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a Company Representative, or any Family Member (as defined below) of such person, receives improper personal benefits as a result of his or her position at the Company or has a personal financial or other interest in a transaction involving the Company, even if not involved in the transaction. For purposes of the provisions of this Code, “Family Member” generally means a person’s spouse, parents, children and siblings, whether by blood, marriage (including in-laws) or adoption, or anyone residing in such person’s home. The rules of the SEC and NASDAQ contain different definitions of “family member” and, as such, each director, officer and employee is encouraged to consult with the Appropriate Authority, if a conflict with a Family Member or other relative arises.

Conflicts of interest are generally prohibited as a matter of Company policy. Exceptions may only be made after review and approval of specific or general categories by the Compliance Officer (in the case of employees) or the Nominating and Corporate Governance Committee of the Board of Directors of the Company (in the case of executive officers or directors). *Directors should refer to the Company’s Corporate Governance Guidelines for additional policies that*

*specifically govern the conduct of directors. In addition, directors and executive officers of the Company should refer to the Company's Policy for Related Person Transactions.*

Conflicts of interest may not always be clear cut, so if you have a question, you should consult with your supervisor, the Compliance Officer (in the case of employees) or the Nominating and Corporate Governance Committee of the Board (in the case of executive officers or directors) (as applicable, the "Appropriate Authority"). Any Company Representative who becomes aware of a conflict or potential conflict, or knows of any material transaction or relationship that reasonably could be expected to give rise to such a conflict, should promptly bring it to the attention of the Appropriate Authority, as provided in Section 13 of this Code.

#### **4. Insider Trading**

Company Representatives who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit, or to "tip" others (including, without limitation, friends and Family Members) who might make an investment decision on the basis of this information, is not only unethical but may also be illegal. *In addition, the Company's Policy Statement on Insider Trading Compliance should be consulted for a more detailed discussion of, and the Company's policies regarding, insider trading laws.*

#### **5. Corporate Opportunities**

Company Representatives are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without consent of the Board. No Company Representative may use corporate property, information, or position for improper personal gain, and no such person may compete with the Company directly or indirectly. Company Representatives owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

#### **6. Competition and Fair Dealing**

We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Company Representative should endeavor to respect the rights of, and to deal fairly with, the Company's customers, students, suppliers, competitors and employees. No Company Representative should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

#### **7. Record-Keeping and Disclosures**

The Company requires honest and accurate recording and reporting of information in

order to make responsible business decisions and to provide full, fair, accurate and timely disclosure pursuant to the rules and requirements of the SEC or otherwise. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls and procedures. Unrecorded or "off-the-books" funds or assets should not be maintained under any circumstances. The accurate and timely reporting of our financial results and financial condition requires that all financial information be recorded promptly and accurately, and that our system for recording and reporting that information be properly functioning and subject to regular and thorough evaluations. All Company Representatives are responsible to report to the Company, as described in Section 13 of this Code, any concerns regarding questionable operating reports or records prepared for internal or external purposes. False, misleading or incomplete information impairs the Company's ability to make good disclosure decisions, undermines trust in the long term, and may in some cases, be illegal. *Complaints or concerns relating specifically to accounting, accounting controls or auditing matters should be made pursuant to the Company's Corporate Governance Hotline Policy contained in the Employee Handbook.*

Business records and communications often become public, and Company Representatives should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the Compliance Officer.

## **8. Confidentiality**

Company Representatives must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when the Compliance Officer authorizes disclosure or such disclosure is required by law. Confidential information includes, without limitation:

- all non-public information that might be of use to competitors, or harmful to the Company or its customers if disclosed;
- non-published financial information, forecasts and analyses, offers and proposals for acquisitions, dispositions, leases and other transactions and the appraisals, studies, reports and other documents and analyses related thereto, the Company's revenues or earnings, a change in control or a significant change in management of the Company, the public or private sale of a significant amount of additional securities of the Company, or the establishment of a program to repurchase securities of the Company;
- information that students, suppliers and customers have entrusted to us and may also include information regarding the Company's competitors; and
- proprietary information, including intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service

plans, designs, databases, records, student lists, student retention and enrollment data, salary information and any unpublished financial data and reports.

Company Representatives are required to keep confidential all confidential information and may not disclose, reveal or discuss this information with persons outside of the Company or use this information for their own direct or indirect benefit, for the direct or indirect benefit of any Family Member, relative, friend or other person. Unauthorized use or distribution of confidential information violates Company policy, could be illegal and result in civil or even criminal penalties. Should you have a question as to whether certain information is considered confidential information, you should contact or consult with the Appropriate Authority.

The Company and Company Representatives are subject to strict rules governing the disclosure of information about students outside of the Company or within the organization. Company Representatives must comply with these rules and all applicable laws. Company Representatives who receive a request for information about students should contact the Registrar before responding to the request. Company Representatives who are students must not access their own student records except through the appropriate channels as any other student, through the Registrar's office.

The obligation to keep Company information confidential continues following termination of the employment or other relationship with the Company, and the Company will pursue all legal remedies available at law or in equity to prevent any former Company Representative from using confidential Company information. Employees should also refer to our employee manual for additional policies and procedures with respect to confidential information. The requirements and responsibilities set forth in this Section 8 shall be in addition to, and non-exclusive with, any other Company provisions, documents or agreements relating to confidential information.

## **9. Protection and Proper Use of Company Assets**

All Company Representatives should protect the Company's assets and ensure their efficient use. All of the Company's assets should be used for legitimate business purposes and should not be used for non-Company business, although, for employees, incidental personal use may be permitted with the permission of his/her supervisor.

## **10. Payments to Government Personnel**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate this Code but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

## **11. Rules for Principal Executive Officer and Senior Financial Officers**

In addition to complying with all other parts of this Code, if you are the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or any person performing similar functions (each referred to in this Code as a "Principal Officer"), you must take the following steps to ensure full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company:

- carefully review drafts of reports and documents the Company is required to file with, or submit to, the SEC before they are filed or submitted, and Company press releases or other public communications before they are released to the public, with particular focus on disclosures each Principal Officer does not understand or agree with and on information known to the Principal Officer that is not reflected in the report, document, press release or public communication;
- comply with the Company's disclosure controls, policies and procedures as in effect from time to time, which have been designed to ensure that the information required to be disclosed by the Company in its SEC filings is collected, processed, summarized and disclosed in a timely fashion and accumulated and communicated to the appropriate persons;
- promptly bring to the attention of the Company's Disclosure Policy Committee or a member thereof any material information of which a Principal Officer may become aware that affects the disclosures made by the Company in its public filings, any material information that may assist the Disclosure Policy Committee in fulfilling its responsibilities, matters that a Principal Officer feels could compromise the integrity of the Company's financial reports or disagreements on accounting matters;
- always act with the highest standards of personal and professional integrity, and do not tolerate others who, attempt to deceive, or evade responsibility for actions;
- bring to the attention of the Audit Committee disagreements on accounting matters and matters that could compromise the integrity of the Company's financial reports;
- bring to the attention of the Nominating and Corporate Governance Committee violations of any part of this Code; and
- comply at all times with applicable governmental laws, rules and regulations, including those of NASDAQ.

## **12. Waivers of or Changes in the Code of Business Conduct and Ethics**

It may be appropriate for a provision of this Code to be waived in a particular circumstance. Any employee seeking a waiver should speak to his or her supervisor, who will

likely need to involve other persons in consideration of the waiver request. *Any change to this Code, or any waiver of this Code that applies to an executive officer, Principal Officer, or director may be made only by the Board and must be promptly disclosed as required by law, regulation or rule of the SEC or NASDAQ.*

### **13. Reporting any Illegal or Unethical Behavior**

If you believe that actions have taken place, may be taking place or may be about to take place that violate or would violate this Code, you must bring the matter to the attention of the Appropriate Authority. Failure to do so is itself a violation of this Code. You are encouraged to talk to the Appropriate Authority, about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. Any supervisor or manager who receives a report of a potential violation of this Code must report it immediately to the Compliance Officer. *Complaints or concerns relating specifically to accounting, accounting controls or auditing matters should be made pursuant to the Corporate Governance Hotline Policy contained in the Employee Handbook.*

You may communicate any violations of this Code in writing, either by internal mail or U.S. mail, by e-mail or by telephone:

To the Compliance Officer:  
American Public Education, Inc.  
111 W. Congress Street  
Charles Town, WV 25414  
Attention: Compliance Officer  
Telephone: 304-724-3760  
E-mail: [cvance@apus.edu](mailto:cvance@apus.edu)  
Hotline: 866-838-7982

To the Chairman of the Nominating and Corporate Governance Committee:  
American Public Education, Inc.  
111 W. Congress Street  
Charles Town, WV 25414  
Attention: Nominating and Corporate Governance Committee Chairman  
Hotline: 866-838-7982

All employee communications made in good faith will be treated promptly and professionally, shall be kept completely confidential and shall be made without risk of retribution whatsoever. Any use of these reporting procedures in bad faith or in a false or frivolous manner, however, will be considered a violation of this Code.

It is preferred that persons identify themselves in order to facilitate the Company's investigation of any report. Such reports, however, may be made anonymously.

Any retaliation for reports of misconduct by others made in good faith will not be tolerated. Indeed, any Company Representative who engages in retaliation is subject to discipline, up to and including termination, and in appropriate cases, civil and/or criminal

liability. Any person involved in any investigation in any capacity of a possible misconduct must not discuss or disclose any information to anyone outside of the investigation unless required by law or when seeking his or her own legal advice, and is expected to cooperate fully in any investigation.

#### **14. Compliance Standards and Procedures**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are some steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. For employees generally, this is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In cases where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with the Compliance Officer. For directors and executive officers, you may also consult with the Nominating and Corporate Governance Committee.
- Your report of violations of this Code may be made in confidence and without fear of retaliation. If you so request, your anonymity will be protected. We do not permit retaliation of any kind against employees for good faith reports of violations of this Code.
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

#### **15. Administration**

*Board of Directors.* The Nominating and Corporate Governance Committee of the Board, combined with the Compliance Officer, will be responsible for ensuring that this Code is properly administered. The Nominating and Corporate Governance Committee will also be responsible for the annual review of the compliance procedures in place to implement this Code and will recommend clarifications or necessary changes to this Code to the Board of Directors for approval.

*Officers, Managers and Supervisors.* All officers, managers and supervisors are responsible for reviewing this Code with their employees. Officers, managers and supervisors are also responsible for the diligent review of practices and procedures in place to help ensure compliance with this Code.

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Adopted by the Board effective November 8, 2007.