

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2010
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____
B This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input checked="" type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	<input type="checkbox"/>
D Check box if filing under:	<input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>07/01/1994</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>CAPELLA EDUCATION COMPANY</u> <u>225 S. SIXTH STREET, SUITE 900</u> <u>MINNEAPOLIS, MN 55402</u>	2b Employer Identification Number (EIN) <u>41-1717955</u> 2c Sponsor's telephone number <u>612-339-7665</u> 2d Business code (see instructions) <u>611000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>11/10/2011</u>	<u>DREW HOEVET</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") CAPELLA EDUCATION COMPANY 225 S. SIXTH STREET, SUITE 900 MINNEAPOLIS, MN 55402	3b Administrator's EIN 41-1717955 3c Administrator's telephone number 612-339-7665
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	1881
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	2978
b Retired or separated participants receiving benefits.....	6b	2
c Other retired or separated participants entitled to future benefits.....	6c	385
d Subtotal. Add lines 6a , 6b , and 6c	6d	3365
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	2
f Total. Add lines 6d and 6e	6f	3367
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	3085
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	26

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2G 2J 2K 2S 2T 3D 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 CAPELLA EDUCATION COMPANY	D Employer Identification Number (EIN) 41-1717955

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INST. OPS. CO.

04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 65 60	RECORDKEEPER	1154	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
COL SM CAP VALUE I Z - COLUMBIA MGT	0.35%	
04-3156901		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
GS MIDCAP VALUE INST - GOLDMAN, SAC	0.10%	
13-5108880		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
MSIF MID CAP GRTH I - JPMORGAN INVE	0.10%	
22-2382028		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
OPPENHEIMER GLOBAL Y - OPPENHEIMERF	0.20%	
13-2527171		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
TRP INTL DISCOVERY - T ROWE PRICE I	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
TRP NEW HORIZONS - T ROWE PRICE INV	0.15%	
52-1184650		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIRE INCOME - T ROWE PRICE IN	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2010 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2015 - T ROWE PRICE	0.15%	
52-1184650		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2020 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2025 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2030 - T ROWE PRICE	0.15%	
52-1184650		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2035 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2040 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2045 - T ROWE PRICE	0.15%	
52-1184650		

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2050 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP RETIREMENT 2055 - T ROWE PRICE	0.15%	
52-1184650		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
WF STABLE VALUE E - SEE NOTE 2	0.05%	
04-1347393		

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶ 001
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 CAPELLA EDUCATION COMPANY	D Employer Identification Number (EIN) 41-1717955

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: METLIFE STABLE VALUE FUND

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RETIREMENT SVCS

c EIN-PN 26-3527155-145	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>		
A Name of plan <u>CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CAPELLA EDUCATION COMPANY</u>	D Employer Identification Number (EIN) <u>41-1717955</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	5	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	15853
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	761083	1261490
(9) Value of interest in common/collective trusts.....	1c(9)	4024027	0
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	32621426	54575255
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	14648172	10892155
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	52054713	66744753

Liabilities

g Benefit claims payable	1g	338	0
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	243	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	581	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	52054132	66744753
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	4573929	
(B) Participants	2a(1)(B)	8703440	
(C) Others (including rollovers)	2a(1)(C)	395520	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		13672889

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	18	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	44540	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		44558

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1026027	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1026027

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	498268	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	454631	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		43637

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	8044943	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		8044943
(6) Net investment gain (loss) from common/collective trusts	2b(6)		113649
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-4564116
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		18381587

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3608770	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3608770
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	16800	
(2) Contract administrator fees	2i(2)	47517	
(3) Investment advisory and management fees	2i(3)	16674	
(4) Other	2i(4)	1205	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		82196
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		3690966

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		14690621
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BAKER TILLY VIRCHOW KRAUSE

(2) EIN: 39-0859910

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1057406
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
e Was this plan covered by a fidelity bond?.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
l Has the plan failed to provide any benefit when due under the plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 CAPELLA EDUCATION COMPANY		D Employer Identification Number (EIN) 41-1717955
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107 65-1214236		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Both <input type="checkbox"/> No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? <input type="checkbox"/> Yes <input type="checkbox"/> No		
11 a Does the ESOP hold any preferred stock? <input type="checkbox"/> Yes <input type="checkbox"/> No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) <input type="checkbox"/> Yes <input type="checkbox"/> No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? <input type="checkbox"/> Yes <input type="checkbox"/> No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2010 v.092308.1		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



BAKER TILLY

VIRCHOW KRAUSE, LLP

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INDEPENDENT AUDITORS' REPORT

To the Plan Sponsor and Participants
Capella Education Company Retirement Savings Plan
Minneapolis, Minnesota

We were engaged to audit the accompanying statements of net assets available for benefits of the Capella Education Company Retirement Savings Plan as of December 31, 2010 and 2009 and the statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule as of December 31, 2010, as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 6, which was certified by the Wilmington Trust Company and Fidelity Management Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that Wilmington Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2009 and for the period from January 1, 2010, to October 31, 2010, and that Fidelity Management Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2010, and for the period November 1, 2010, to December 31, 2010. The plan administrator has obtained certifications from the trustees as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying statements of net assets available for benefits and supplemental schedule taken as a whole. The form and content of the information included in the statements of net assets available for benefits and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Baker Tilly Virchow Krause LLP

Minneapolis, Minnesota
October 13, 2011

**CAPELLA EDUCATION COMPANY
RETIREMENT SAVINGS PLAN**
Minneapolis, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report
and Supplemental Schedule

December 31, 2010 and 2009

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Sponsor and Participants
Capella Education Company Retirement Savings Plan
Minneapolis, Minnesota

We were engaged to audit the accompanying statements of net assets available for benefits of the Capella Education Company Retirement Savings Plan as of December 31, 2010 and 2009 and the statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule as of December 31, 2010, as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 6, which was certified by the Wilmington Trust Company and Fidelity Management Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that Wilmington Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2009 and for the period from January 1, 2010, to October 31, 2010, and that Fidelity Management Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2010, and for the period November 1, 2010, to December 31, 2010. The plan administrator has obtained certifications from the trustees as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying statements of net assets available for benefits and supplemental schedule taken as a whole. The form and content of the information included in the statements of net assets available for benefits and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Baker Tilly Virchow Krause LLP

Minneapolis, Minnesota
October 13, 2011

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS December 31, 2010 and 2009

ASSETS		
	2010	2009
Investments, at fair value		
Participant-directed investments	\$ 54,679,958	\$ 36,712,367
Capella Education Company Common Stock	10,908,008	14,648,172
Total Investments	<u>65,587,966</u>	<u>51,360,539</u>
Receivables		
Notes receivable from participants	1,261,490	761,083
Other receivables	72,445	-
Total receivables	<u>1,333,935</u>	<u>761,083</u>
Cash and cash equivalents	<u>-</u>	<u>5</u>
Total assets	<u>66,921,901</u>	<u>52,121,627</u>
LIABILITIES		
Operating payables	<u>1,738</u>	<u>581</u>
Net assets available for benefits at fair value	66,920,163	52,121,046
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(104,703)</u>	<u>(66,914)</u>
Net assets available for benefits	<u>\$ 66,815,460</u>	<u>\$ 52,054,132</u>

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS Year Ended December 31, 2010

ADDITIONS

Additions to net assets attributed to:

Investment income:

Net appreciation in fair value of investments	\$ 3,662,034
Dividends	1,037,393
Interest	<u>44,560</u>
Total investment income	<u>4,743,987</u>

Contributions:

Participants	8,703,440
Employer	4,574,398
Rollovers	<u>395,520</u>
Total contributions	<u>13,673,358</u>

Total additions	<u>18,417,345</u>
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DEDUCTIONS

Deductions from net assets attributed to:

Benefits paid to participants	3,573,742
Administrative expenses	<u>82,275</u>
Total deductions	<u>3,656,017</u>

Net Increase	14,761,328
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NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	<u>52,054,132</u>
End of year	<u>\$ 66,815,460</u>

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan

The following description of the Capella Education Company Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan's summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by Capella Education Company (the Company) and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Company is the Plan sponsor and administrator of the Plan.

Effective November 1, 2010, the Plan sponsor and administrator appointed Fidelity Management Trust Company (Trustee) as the trustee and Fidelity Investments Institutional Operations Company, Inc. as recordkeeper of the Plan. Prior to November 1, 2010, Wilmington Trust was the appointed trustee and RSM McGladrey was the appointed recordkeeper of the Plan. The Trustee is responsible for making investment decisions and making distributions according to the Plan's provisions. All employees are eligible to participate in the Plan upon employment and after reaching age 18. Once an employee is eligible, they can participate in the Plan on the first day of the month following hire. Upon enrollment in the Plan, a participant may direct Company and their contributions to various investment options.

Contributions

Each year, participants may elect to defer up to 100% of pretax annual compensation (salary reduction contributions), as defined by the Plan. The salary deferral contributions are subject to the Internal Revenue Service limitations. Participants may also contribute amounts representing distributions from other qualified plans (rollover contributions). Additional Company contributions may be contributed at the discretion of the Company's Board of Directors. No discretionary contributions were made for the years ended December 31, 2010 and 2009.

The Company makes matching contributions equal to the sum of 100% of the participant's elective deferrals, which do not exceed 2% of the participant's compensation, plus 50% of the portion of the participant's elective deferrals which do not exceed the next 4% of the participant's compensation.

Participant Accounts

Participants can designate the investment of their accounts from various funds with pre-selected investment objectives, each of which is invested in securities selected and managed by the Trustee to meet the objectives of each fund.

Each participant's account is credited with the participant's salary reduction contributions, rollover contributions, the Company's matching contribution, an allocation of the Company's discretionary contributions, if any, and Plan earnings (net of administrative expenses). Allocations of the Company's discretionary contributions, if any, are made in proportion to the participant's eligible compensation compared to the eligible compensation of the other employees who will also share in the allocation or account balance, as defined in the Plan. Earnings from the fund are allocated on the basis of participant account balances invested in the respective funds.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan (continued)

Vesting

Participants are immediately vested in their salary reduction and rollover contributions plus earnings thereon. Participants who leave the Plan because of death, early or normal retirement, or disability retirement, as defined in the Plan, are considered 100% vested.

Prior to November 1, 2010, the Company match and discretionary contributions vested in accordance with the vesting schedule below.

<u>Vesting Years of Service</u>	<u>Percentage Vested</u>
1	20%
2	40%
3	60%
4	80%
5	100%

Effective November 1, 2010, the Company match and discretionary contributions vest in accordance with the revised vesting schedule below. In addition, participants with at least two vesting years of service became 100% vested in the Company match and discretionary contributions as of November 1, 2010.

<u>Vesting Years of Service</u>	<u>Percentage Vested</u>
1	50%
2	100%

Forfeitures

At December 31, 2010 and 2009, forfeited nonvested amounts totaled \$117,640 and \$17,588, respectively. These amounts are used to reduce Company contributions or to pay Plan expenses. During the year ended December 31, 2010, forfeited nonvested accounts reduced Company contributions and administrative expenses by \$50,836.

Payment of Benefits

Benefits may be paid to the participant or beneficiary upon death, disability, retirement or termination of employment, as defined in the Plan agreement. The Plan provides for normal retirement age at age 65. The total vested portion of a participant's account balance is distributed in the form of a lump sum payment. Participants experiencing financial hardship may withdraw a portion of their account balance as defined in the Plan.

At December 31, 2010, the Plan administrator had approved \$37,206 of unpaid distributions. Benefits are recorded when paid.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance, whichever is less. Prior to November 1, 2010, the minimum borrowing amount was \$500. The loans bear interest at the prime rate in effect in the month the loan is effective plus one percentage point. Principal and interest is paid ratably through payroll deductions.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan (continued)

Termination of Plan

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Administrative Expenses

Substantially all administrative expenses of the Plan for the year ended December 31, 2010 were absorbed by the Plan participants.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

Investment Valuation

As defined in the accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and

Level 3 - Unobservable inputs that are not corroborated by market data.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety. The following is a description of the valuation methodologies used for instruments measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2010.

Cash and cash equivalents – Valued at transaction price. Carrying value of cash and cash equivalents approximates fair value as maturities are less than three months.

Capella Education Company common stock – Valued at quoted market prices.

Mutual funds – Valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 2 - Summary of Significant Accounting Policies (continued)

Stable value fund – Valued based on the underlying investments. This fund invests in investment contracts and security-backed contracts.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while the valuation methods are considered appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based on terms of the plan.

Income Recognition

Net appreciation in fair value of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the period. The net realized gains or losses on the sale of investments represent the difference between the sale proceeds and the fair value of the investment as of the beginning of the period or the cost of the investment if purchased during the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Investments, in general, are subject to various risks, including credit, interest, and overall market volatility risks. Due to the level of risk associated with certain investments securities, it is reasonably possible that changes in values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Payment of Benefits

Benefits are recorded when paid.

New Accounting Standards

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06 related to improving disclosures about fair value measurements. The guidance requires separate disclosures of the amounts of transfers in and out of Level 1 and Level 2 fair value measurements and a description of the reason for such transfers. In the reconciliation for Level 3 fair value measurements using significant unobservable inputs, information about purchases, sales, issuances and settlements shall be presented separately. These disclosures were effective for the Plan on January 1, 2010, except for the disclosures related to the purchases, sales, issuances and settlements in the roll forward activity of Level 3 measurements, which are effective on January 1, 2011. The guidance requires additional disclosures but does not impact the Plan's net assets available for benefits.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 2 - Summary of Significant Accounting Policies (continued)

In September 2010, the FASB issued ASU No. 2010-25 clarifying how loans to participants should be classified and measured by defined contribution pension benefit plans. Participant loans were previously classified as investments at fair value. The guidance requires that participant loans be classified as notes receivable from participants which are segregated from plan investments and measured at their unpaid principal amount plus any accrued but unpaid interest. This guidance was effective for the Plan in 2010, and was required to be applied retrospectively to the prior period presented. Accordingly, participant loan balances as of December 31, 2009 have been reclassified to conform to the presentation as of December 31, 2010.

In May 2011, FASB issued ASU No. 2011-04 which clarifies the application of existing requirements on topics including the concepts of highest and best use and valuation premise and disclosing quantitative information about the unobservable inputs used in the measurement of instruments categorized within Level 3 of the fair value hierarchy. Additionally, the guidance includes changes on topics such as measuring fair value of financial instruments that are managed within a portfolio and additional disclosure for fair value measurements categorized within Level 3 of the fair value hierarchy. This guidance is effective for the Plan on January 1, 2012. The Company is currently evaluating the effect that adoption of this guidance may have on the Plan's net assets available for benefits.

NOTE 3 - Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Plan's assets carried at fair value:

Description	As of December 31, 2010			
	Fair Value	Level 1	Level 2	Level 3
Company stock	\$ 10,908,008	\$ 10,908,008	\$ -	\$ -
Mutual funds	43,687,083	43,687,083	-	-
Bond Investments - Income	6,128,945	6,128,945	-	-
Stable value fund	4,863,930	-	4,863,930	-
Total	<u>\$ 65,587,966</u>	<u>\$ 60,724,036</u>	<u>\$ 4,863,930</u>	<u>\$ -</u>

Description	As of December 31, 2009			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 5	\$ 5	\$ -	\$ -
Company stock	14,648,172	14,648,172	-	-
Mutual funds	28,229,213	28,229,213	-	-
Bond Investments - Income	4,392,213	4,392,213	-	-
Stable value fund	4,090,941	-	4,090,941	-
Total	<u>\$ 51,360,544</u>	<u>\$ 47,269,603</u>	<u>\$ 4,090,941</u>	<u>\$ -</u>

The Plan did not have any transfers of assets between Level 1 and Level 2 of the fair value measurement hierarchy during 2009 or 2010.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 3 - Fair Value Measurements (continued)

The following table sets forth by class and nature of risk, the Plan's assets carried at fair value:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Mutual funds		
International	\$ 6,384,148	\$ 5,498,654
Domestic		
Large cap	5,079,044	12,246,320
Mid cap	6,696,215	2,625,361
Small cap	121,880	2,371,573
Blended Fund Investments	26,121,662	5,487,305
Bond Investments - Income	5,413,079	4,392,213
Stable value fund	4,863,930	4,090,941
Cash and cash equivalents	-	5
Company stock	10,908,008	14,648,172
Total	<u>\$ 65,587,966</u>	<u>\$ 51,360,544</u>

NOTE 4 - Investment Contract with Insurance Company - Unaudited

The Plan's investment in the MetLife Stable Value Fund in 2009 and the period from January 1 through October 31, 2010 includes a benefit-responsive Guaranteed Investment Contract (GIC) with MetLife. In a MetLife Managed GIC, the assets are invested in a MetLife separate account. MetLife will guarantee principal and interest, based on credited interest rates, for participant-initiated withdrawals as long as the contract remains active. Interest is credited to the contract at interest rates that reflect the performance of the underlying portfolio. The GIC has an AA (Very Strong) Standard & Poor's rating for its financial strength. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The following presents MetLife Stable Value Fund's average yields. As the Plan transitioned to a new trustee in October 2010, the actual earnings and credited interest rate was calculated through October 28, 2010.

	<u>October 28, 2010</u>	<u>December 31, 2009</u>
Based on actual earnings	6.42%	8.33%
Based on interest rate credited to participants	3.17%	2.86%

The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

MetLife resets the rate by amortizing the difference between the market value of the portfolio and the guaranteed value over the weighted average duration of the Fund's investments. MetLife guarantees that the contract will pay all withdrawals, initiated by participants under the terms of the Plan, up to the full amount of contract value. Contract value represents contributions, plus interest, and minus withdrawals for allowed events. These allowed events include transfers to other Plan investment options, and payments because of retirement, termination, disability, death and in-service withdrawals as permitted by the Plan.

The statement of changes in net assets available for benefits is prepared on a contract value basis. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 4 - Investment Contract with Insurance Company - Unaudited (continued)

The Plan's investment in the MetLife Stable Value Fund is stated at fair value, as determined by the Plan's former trustee Wilmington Trust, based on quoted market prices of the underlying assets held in the separate account. The Plan's investment in the MetLife Stable Value Fund as of December 31, 2010 was zero, as the Plan appointed a new trustee on November 1, 2010 and transferred all funds from the MetLife Stable Value Fund to the new trustee, Wells Fargo (Note 5). As of December 31, 2009, the Statement of Net Assets Available for Benefits presents the fair value of the separate account as well as the adjustment of the separate account from fair value to contract value.

NOTE 5 - Investment in Wells Fargo Stable Value Fund E - Unaudited

Effective November 1, 2010, the Plan transferred its investment from the MetLife Stable Value Fund to the newly appointed trustee, Fidelity, and invested 100% of the transferred funds in Wells Fargo Stable Value E fund (the Fund). The Fund invests all of its assets in Wells Fargo Stable Return Fund G, a collective trust fund that invests in investment and security-backed contracts.

An investment contract is issued by a financial institution to provide a stated rate of return to the buyer of the contract for a specified period of time. A security-backed contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is a fixed income security or portfolio of fixed income securities; the second part is a contract value guarantee (wrapper) provided by a third party. Wrappers provide contract value payments for certain participant-initiated withdrawals and transfers, a floor crediting rate, and return of fully accrued contract value at maturity.

The Plan's investment in the Fund, as determined by the Plan's trustee Fidelity Management Trust Company, is based on quoted market prices of the underlying unit value reported by Wells Fargo Stable Return Fund G. As of December 31, 2010, the Statement of Net Assets Available for Benefits presents the fair value of the Fund as well as the adjustment from fair value to contract value.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 6 - Investments - Unaudited

The following presents investments representing 5% or more of the Plan's net assets available for benefits at December 31:

	2010	2009
Capella Education Company Common Stock**	\$ 10,908,008	\$ 14,648,172
Value of interest in investment contract with insurance company:		
MetLife Stable Value Fund	-	4,024,027
Value of interest in fully benefit-responsive contracts:		
Wells Fargo Stable Value E	4,759,227	-
Mutual Funds:		
American Funds Growth Fund R3	-	3,810,583
American Funds Europacific Growth R3	-	3,731,009
Pimco Total Return A	-	3,498,536
T Rowe Price Retirement 2040 Adv	-	3,460,341
Baron Growth Fund	-	2,625,361
Davis NY Venture A	-	2,621,004
T Rowe Price Retirement 2040	7,484,744	-
Vanguard 500 Index Signal	6,293,549	-
American Funds Growth Fund of America R6	6,206,265	-
Pimco Total Return Institutional CL	4,933,528	-
American Funds EuroPacific Growth R6	4,770,716	-
T Rowe Price New Horizons Fund	3,717,111	-
Columbia Small Cap Value Fund IZ	3,631,900	-
Vanguard Windsor II Adm	3,427,936	-

**Non-participant directed

The following schedule presents appreciation of the Plan's investments (including gains and losses on investments bought, sold, and held during the year) during the year ended December 31, 2010:

Mutual fund investments	\$ 4,982,312
MetLife GIC / Wells Fargo Stable Value Fund E	124,471
CPLA stock fund	(1,444,749)
Total	<u>\$ 3,662,034</u>

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 6 - Investments – Unaudited (continued)

Information about the net assets and the significant components of changes in net assets related to the nonparticipant-directed investment is as follows:

	<u>2010</u>	<u>2009</u>
Capella Education Company Common Stock	\$ 10,908,008	\$ 14,648,172
Changes in net assets:		
Net appreciation (depreciation) in fair value of stock	(1,444,749)	
Distributions to participants	(1,932,656)	
(Receivables) payables, net	(70,707)	
Transfers to participant directed investments	(292,052)	
	<u>\$ (3,740,164)</u>	

NOTE 7 - Information Prepared and Certified by Trustee - Unaudited

Fidelity Management Trust Company has certified that the following information included in the accompanying financial statements and supplemental schedule is complete and accurate:

- a. Net assets available for benefits at December 31, 2010, as they relate to investments held by the Trustee.
- b. Changes in net assets available for benefits as they relate to investments held by the Trustee for the period November 1, 2010 through December 31, 2010.
- c. Assets (held at end of year) at December 31, 2010.

Wilmington Trust has certified that the following information included in the accompanying financial statements and supplemental schedule is complete and accurate:

- a. Net assets available for benefits at December 31, 2009, as they relate to investments held by the Trustee.
- b. Changes in net assets available for benefits as they relate to investments held by the Trustee for the period January 1, 2010 through October 31, 2010.
- c. Assets (held at end of year) at December 31, 2009.

NOTE 8 - Tax Status

The non-standardized profit sharing plan with a cash or deferred arrangement in which the Company participates received a favorable determination letter dated August 7, 2001 from the Internal Revenue Service indicating that for federal income tax purposes, the Plan qualifies under the Internal Revenue Code (IRC) Section 401(a). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 9 - Reconciliation of Financial Statements to Schedule H Form 5500

The financial statements have been prepared using the accrual method of accounting while the Plan's Form 5500 has been prepared on the modified cash-basis method of accounting. The reconciliation between the financial statements and Form 5500 as of December 31, 2010 and 2009 and for the year ended December 31, 2010 are as follows:

	2010	2009
Total net assets per Form 5500, Schedule H	\$ 66,744,753	\$ 52,054,132
Adjustments at December 31:		
Other receivable	72,445	—
Approved but unpaid operating payable	(1,738)	—
Net assets available for benefits per financial statements	<u>\$ 66,815,460</u>	<u>\$ 52,054,132</u>
Increase in net assets per Form 5500, Schedule H	\$ 14,690,621	
Adjustments at December 31:		
Employer match contribution receivable	72,445	
Approved but unpaid operating payable	(1,738)	
Increase in net assets available for benefits per financial statements	<u>\$ 14,761,328</u>	

NOTE 10 – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risk such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 11 - Subsequent Events

The Plan has evaluated subsequent events through October 13, 2011, which is the date that the financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements.

SUPPLEMENTAL INFORMATION

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2010

Plan 001

EIN 41-1717955

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Capella Education Company	163,595 shares of Common Stock	\$ 3,198,519	\$ 10,908,008
	T. Rowe Price	Retirement 2040	**	7,484,744
	Vanguard	500 Index Signal	**	6,293,549
	American Funds	Growth Fund of America R6	**	6,206,265
	Pimco	Total Return Institutional CL	**	4,933,528
	Wells Fargo	Stable Value E	**	4,863,930
	American Funds	EuroPacific Growth R6	**	4,770,716
	T. Rowe Price	New Horizons Fund	**	3,717,111
	Columbia	Small Cap Value Fund I Class Z	**	3,631,900
	Vanguard	Windsor II Adm	**	3,427,936
	T. Rowe Price	Retirement 2030	**	2,565,542
	T. Rowe Price	Retirement 2020	**	2,481,854
	Oppenheimer	Global Y Fund	**	1,925,499
	Vanguard	Total Bond Market Index Signal	**	1,195,417
	T. Rowe Price	Retirement 2010	**	479,551
	Morgan Stanley	Institutional Mid Cap Growth I	**	225,317
	Goldman Sachs	Mid Cap Value Instl	**	109,128
	T. Rowe Price	Retirement 2045	**	87,178
	T. Rowe Price	International Discovery Fund	**	82,204
	T. Rowe Price	Retirement 2050	**	79,861
	T. Rowe Price	Retirement 2015	**	42,019
	T. Rowe Price	Retirement 2035	**	31,648
	T. Rowe Price	Retirement 2025	**	27,328
	T. Rowe Price	Retirement Income Fund	**	14,312
	T. Rowe Price	Retirement 2055	**	3,421
*	Participant Loans	Interest rates range from 4.25%-9.25%	-0-	<u>1,261,490</u>
				<u><u>\$66,849,456</u></u>

* Represents a party-in-interest

** Cost omitted for participant directed investment

SCHEDULE H, PART IV, LINE 4(a) – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

For the Year Ended December 31, 2010

Plan 001

EIN 41-1717955

Participant Contributions Transferred Late to the Plan			Check Here if Late Participant Loan Repayments Are Included	Contribution Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Total Fully Corrected Under Voluntary Fiduciary Correction Program and PTE
Amount Withheld	Date Withheld	Date Remitted					
\$ 530,246	10/28/2010	11/19/2010	Yes			Yes	\$ 530,246
\$ 527,160	11/11/2010	11/22/2010	Yes			Yes	\$ 527,160

SCHEDULE H, PART IV, LINE 4(a) – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

For the Year Ended December 31, 2010

Plan 001

EIN 41-1717955

Participant Contributions Transferred Late to the Plan			Check Here if Late Participant Loan Repayments Are Included	Contribution Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Total Fully Corrected Under Voluntary Fiduciary Correction Program and PTE
Amount Withheld	Date Withheld	Date Remitted					
\$ 530,246	10/28/2010	11/19/2010	Yes			Yes	\$ 530,246
\$ 527,160	11/11/2010	11/22/2010	Yes			Yes	\$ 527,160

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2010

Plan 001

EIN 41-1717955

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Capella Education Company	163,595 shares of Common Stock	\$ 3,198,519	\$10,908,008
	T. Rowe Price	Retirement 2040	**	7,484,744
	Vanguard	500 Index Signal	**	6,293,549
	American Funds	Growth Fund of America R6	**	6,206,265
	Pimco	Total Return Institutional CL	**	4,933,528
	Wells Fargo	Stable Value E	**	4,863,930
	American Funds	EuroPacific Growth R6	**	4,770,716
	T. Rowe Price	New Horizons Fund	**	3,717,111
	Columbia	Small Cap Value Fund I Class Z	**	3,631,900
	Vanguard	Windsor II Adm	**	3,427,936
	T. Rowe Price	Retirement 2030	**	2,565,542
	T. Rowe Price	Retirement 2020	**	2,481,854
	Oppenheimer	Global Y Fund	**	1,925,499
	Vanguard	Total Bond Market Index Signal	**	1,195,417
	T. Rowe Price	Retirement 2010	**	479,551
	Morgan Stanley	Institutional Mid Cap Growth I	**	225,317
	Goldman Sachs	Mid Cap Value Instl	**	109,128
	T. Rowe Price	Retirement 2045	**	87,178
	T. Rowe Price	International Discovery Fund	**	82,204
	T. Rowe Price	Retirement 2050	**	79,861
	T. Rowe Price	Retirement 2015	**	42,019
	T. Rowe Price	Retirement 2035	**	31,648
	T. Rowe Price	Retirement 2025	**	27,328
	T. Rowe Price	Retirement Income Fund	**	14,312
	T. Rowe Price	Retirement 2055	**	3,421
*	Participant Loans	Interest rates range from 4.25%-9.25%	-0-	<u>1,261,490</u>
				<u>\$66,849,456</u>

* Represents a party-in-interest

** Cost omitted for participant directed investment