

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), 6057(b), 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
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</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 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 CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN	<table border="1"> <tr> <td>1b Three-digit plan number (PN) ▶</td> <td><u>001</u></td> </tr> <tr> <td>1c Effective date of plan</td> <td><u>07/01/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan	<u>07/01/1994</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, including room or suite number (Employer, if for single-employer plan) CAPELLA EDUCATION COMPANY 225 S. SIXTH STREET, SUITE 900 MINNEAPOLIS, MN 55402	<table border="1"> <tr> <td>2b Employer Identification Number (EIN)</td> <td><u>41-1717955</u></td> </tr> <tr> <td>2c Sponsor's telephone number</td> <td><u>612-339-7665</u></td> </tr> <tr> <td>2d Business code (see instructions)</td> <td><u>611000</u></td> </tr> </table>	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>
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	Filed with authorized/valid electronic signature.	<u>10/15/2012</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 (2011)
v.012611

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	
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	
5 Total number of participants at the beginning of the plan year		5	3367
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	2898
b Retired or separated participants receiving benefits.....		6b	3
c Other retired or separated participants entitled to future benefits.....		6c	510
d Subtotal. Add lines 6a , 6b , and 6c		6d	3411
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....		6e	3
f Total. Add lines 6d and 6e		6f	3414
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g	3197
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h	170
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7	
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)		9b Plan benefit arrangement (check all that apply)	
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance		
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts		
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust		
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor		
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		b General Schedules	
(1) <input checked="" type="checkbox"/> R (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> H (Financial Information)		
(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> I (Financial Information – Small Plan)		
(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input type="checkbox"/> A (Insurance Information)		
	(4) <input checked="" type="checkbox"/> C (Service Provider Information)		
	(5) <input type="checkbox"/> D (DFE/Participating Plan Information)		
	(6) <input type="checkbox"/> 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
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning **01/01/2011** and ending **12/31/2011**

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)

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	219499	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)

GALLIARD CAPITAL MANAGEMENT, INC.

41-1813702

(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?
28		0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" 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"/>

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)

(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	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
COL SM CAP VALUE I Z - COLUMBIA MGT 04-3156901	0.40%	
(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.	
GS MIDCAP VALUE INST - GOLDMAN, SAC 13-5108880	0.10%	
(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.	
MSIF MID CAP GRTH I - MORGAN STANLE 13-3799749	0.10%	

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
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
OPPENHEIMER GLOBAL Y - OPPENHEIMERF 13-2527171	0.20%	
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
PIM TOTAL RT INST - BOSTON FINANCIA 04-2526037	0.01%	
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP INTL DISCOVERY - T. ROWE PRICE 52-2269240	0.15%	

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
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP NEW HORIZONS - T. ROWE PRICE SE	0.15%	
52-2269240		
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP RETIRE INCOME - T. ROWE PRICE S	0.15%	
52-2269240		
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP RETIREMENT 2010 - T. ROWE PRICE	0.15%	
52-2269240		

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
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>TRP RETIREMENT 2015 - T. ROWE PRICE</p> <p>52-2269240</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.15%</p>		
<p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p>(b) Service Codes (see instructions)</p> <p>60</p>		
<p>(c) Enter amount of indirect compensation</p> <p>0</p>		
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>TRP RETIREMENT 2020 - T. ROWE PRICE</p> <p>52-2269240</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.15%</p>		
<p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p>(b) Service Codes (see instructions)</p> <p>60</p>		
<p>(c) Enter amount of indirect compensation</p> <p>0</p>		
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>TRP RETIREMENT 2025 - T. ROWE PRICE</p> <p>52-2269240</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.15%</p>		

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 2030 - T. ROWE PRICE 52-2269240	0.15%

(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 52-2269240	0.15%

(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 52-2269240	0.15%

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
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP RETIREMENT 2045 - T. ROWE PRICE	0.15%	
52-2269240		
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP RETIREMENT 2050 - T. ROWE PRICE	0.15%	
52-2269240		
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
TRP RETIREMENT 2055 - T. ROWE PRICE	0.15%	
52-2269240		

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
GALLIARD CAPITAL MANAGEMENT	28	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 41-1813702	0.20%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(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.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(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.	

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 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 <div style="font-size: 24pt; font-weight: bold;">2011</div> This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	46480
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	0	30022
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	15853	18183
(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)	1261490	1526373
(9) Value of interest in common/collective trusts.....	1c(9)		
(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)	54575255	60593997
(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)	10892155	4863361
(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	66744753	67078416

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	0	5213
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	5213

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	66744753	67073203
---	-----------	----------	----------

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)	4472974	
(B) Participants	2a(1)(B)	9743330	
(C) Others (including rollovers)	2a(1)(C)	479655	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		14695959

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

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	72	
(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)	59520	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		59592

(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)	1769240	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1769240

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	1387539	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	1910114	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-522575

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	-4085406	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		-4085406
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(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)		-2918406
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		8998404

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	8437452	
(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)		8437452
f Corrective distributions (see instructions)	2f		2402
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	11	
(4) Other	2i(4)	230089	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		230100
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		8669954

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		328450
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"/>		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 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 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 checked="" type="checkbox"/>	
e Was this plan covered by a fidelity bond?.....	<input checked="" type="checkbox"/>		10000000
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 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 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 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"/>		
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 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 checked="" type="checkbox"/>	
l Has the plan failed to provide any benefit when due under the plan?		<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"/>	
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"/>	

- 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)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information 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). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

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	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	<u>0</u>
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): <u>04-6568107</u>		
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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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. 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

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): _____

**CAPELLA EDUCATION COMPANY
RETIREMENT SAVINGS PLAN**

Minneapolis, Minnesota

FINANCIAL STATEMENTS

As of December 31, 2011 and 2010 and for the Year Ended
December 31, 2011

Including Independent Auditors' Report
and Supplemental Schedule

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

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Note: Supplemental schedules required by the Employee Retirement Income Security Act of 1974 not included as part of these statements are not applicable to Capella Education Company Retirement Savings Plan.

Baker Tilly Virchow Krause, LLP
225 S Sixth St, Ste 2300
Minneapolis, MN 55402-4661
tel 612 876 4500
fax 612 238 8900
bakertilly.com

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, 2011 and 2010 and the statement of changes in net assets available for benefits for the year ended December 31, 2011, and the supplemental schedule as of December 31, 2011, 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 5, which was certified by Fidelity Management Trust, the trustee of the Plan, except for comparing such information with the related information included in the statements of net assets available for benefits and supplemental schedule. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of December 31, 2011 and 2010, and for the year ended December 31, 2011, that the information provided to the Plan administrator by the trustee 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 financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements 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 11, 2012

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

As of December 31, 2011 and 2010

ASSETS		
	2011	2010
Investments, at fair value		
Participant-directed investments	\$ 60,718,308	\$ 54,679,958
Capella Education Company Common Stock	4,881,544	10,908,008
Total Investments	<u>65,599,852</u>	<u>65,587,966</u>
Receivables		
Notes receivable from participants	1,526,373	1,261,490
Employer contributions receivable	46,479	
Other receivables	30,022	72,445
Total receivables	<u>1,602,874</u>	<u>1,333,935</u>
Total assets	<u>67,202,726</u>	<u>66,921,901</u>
LIABILITIES		
Operating payables	<u>5,212</u>	<u>1,738</u>
Net assets available for benefits at fair value	67,151,035	66,920,163
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(124,311)</u>	<u>(104,703)</u>
Net assets available for benefits	<u>\$ 67,073,203</u>	<u>\$ 66,815,460</u>

See accompanying notes to financial statements.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS For the Year Ended December 31, 2011

ADDITIONS

Additions to net assets attributed to:

Investment income:

Dividends	\$ 59,592
Interest	1,769,240

Total investment income	1,828,832
-------------------------	-----------

Contributions:

Participants	9,743,330
Employer	4,472,973
Rollovers	479,655

Total contributions	14,695,958
---------------------	------------

Total additions	16,524,790
-----------------	------------

DEDUCTIONS

Deductions from net assets attributed to:

Benefits paid to participants	8,439,854
Net depreciation in fair value of investments	7,607,503
Administrative expenses	219,690

Total deductions	16,267,047
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Net Increase	257,743
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NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	66,815,460
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End of year	\$ 67,073,203
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CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

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.

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. 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. Eligible employees 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 individual 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. Participant contributions are pre-tax contributions unless participants designate all or a portion as Roth contributions. 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, 2011 and 2010.

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 investment funds are allocated on the basis of participant account balances invested in the respective funds.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

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, 2011 and 2010, forfeited nonvested amounts totaled \$35,362 and \$117,640, respectively. These amounts may be used to reduce Company contributions or to pay Plan expenses. During the year ended December 31, 2011, forfeited nonvested accounts reduced Company contributions and administrative expenses by \$326,447.

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, 2011, the Plan administrator had not approved any unpaid distributions.

Notes Receivable from Participants

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. 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

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 1 - Description of the Plan (continued)

Loan terms range up to five years, and may be extended up to 15 years for the purchase of a principal residence. The loans are secured by the balance in the participant's account and bear interest at a rate determined by the administrator. Interest rates ranged from 4.25% to 9.25% at December 31, 2011. Notes receivable from participants are recorded at amortized cost plus accrued interest.

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, 2011 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 (U.S. GAAP) requires the Plan's management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements and disclosures. Actual results could differ from those estimates.

Investment Valuation

As defined in the accounting standards, fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value under the fair value hierarchy are classified based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

- > Level 1 – Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;
- > 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 supported by little or no market activity that are significant to the fair value of assets or liabilities.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies (continued)

The level in the fair value hierarchy within which the fair value measurement is classified is determined based 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, 2011.

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.

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

The Plan sponsor is responsible for the determination of fair value. Accordingly, they perform periodic analysis on the prices received from the pricing services used to determine whether the prices are reasonable estimates of fair value. As a result of these reviews, the plan sponsor has not historically adjusted the prices obtained from the pricing services. The preceding methods described 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.

Income Recognition

Net depreciation 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.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies (continued)

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 were effective on January 1, 2011. The adoption of the new guidance required additional disclosures but did not impact the Plan's net assets available for benefits.

In May 2011, the FASB issued ASU No. 2011-04, which is included in Accounting Standards Codification (ASC) 820, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. This update defines fair value, clarifies a framework to measure fair value, and requires specific disclosures of fair value measurements. The guidance will be effective for the Plan's annual reporting period beginning January 1, 2012 and applied prospectively. The Company does not expect adoption of this guidance to have a material impact on the Plan's net assets available for benefits.

Subsequent Events

The Plan has evaluated subsequent events through October 11, 2012, 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.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 3 - Fair Value Measurements

The following tables summarize the Plan's assets measured at fair value, on a recurring basis by level, within the hierarchy:

Investments	Fair Value Measurements as of December 31, 2011 Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Capella Education Company Stock Fund ^(a)	\$ 4,881,544	\$ 4,881,544	\$ -	\$ -
Mutual Funds				
Large Cap Fund – Growth ^(b)	5,906,049	5,906,049	-	-
Large Cap Fund – Value ^(c)	3,875,478	3,875,478	-	-
Large Cap Fund – Blend ^(d)	6,385,944	6,385,944	-	-
Mid Cap Fund – Growth ^(e)	543,852	543,852	-	-
Mid Cap Fund – Value ^(f)	354,233	354,233	-	-
Small Cap Fund – Growth ^(g)	4,266,827	4,266,827	-	-
Small Cap Fund – Value ^(h)	3,381,963	3,381,963	-	-
Large International Fund – Blend ⁽ⁱ⁾	4,184,704	4,184,704	-	-
Global Stock – Growth ^(j)	1,755,049	1,755,049	-	-
Mid Cap International Fund – Growth ^(k)	209,501	209,501	-	-
Blended Fund ^(l)	18,171,812	18,171,812	-	-
Retirement Income Fund ^(m)	40,362	40,362	-	-
Fixed Income Fund ⁽ⁿ⁾	5,358,109	5,358,109	-	-
Fixed Income Fund ^(o)	1,378,908	1,378,908	-	-
Stable Value Fund ^(p)	4,905,517	-	4,905,517	-
Total	\$ 65,599,852	\$ 60,694,335	\$ 4,905,517	\$ -

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 3 - Fair Value Measurements (continued)

Investments	Fair Value Measurements as of December 31, 2010 Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Capella Education Company Stock Fund ^(a)	\$ 10,908,008	\$ 10,908,008	\$ -	\$ -
Mutual Funds				
Large Cap Fund – Growth ^(b)	6,206,265	6,206,265	-	-
Large Cap Fund – Value ^(c)	3,427,936	3,427,936	-	-
Large Cap Fund – Blend ^(d)	6,293,549	6,293,549	-	-
Mid Cap Fund – Growth ^(e)	225,317	225,317	-	-
Mid Cap Fund – Value ^(f)	109,128	109,128	-	-
Small Cap Fund – Growth ^(g)	3,717,111	3,717,111	-	-
Small Cap Fund – Value ^(h)	3,631,900	3,631,900	-	-
Large International Fund – Blend ⁽ⁱ⁾	4,770,716	4,770,716	-	-
Global Stock – Growth ^(j)	1,925,499	1,925,499	-	-
Mid Cap International Fund – Growth ^(k)	82,204	82,204	-	-
Blended Fund ^(l)	13,283,146	13,283,146	-	-
Retirement Income Fund ^(m)	14,312	14,312	-	-
Fixed Income Fund ⁽ⁿ⁾	4,933,528	4,933,528	-	-
Fixed Income Fund ^(o)	1,195,417	1,195,417	-	-
Stable Value Fund ^(p)	4,863,930	-	4,863,930	-
Total	\$ 65,587,966	\$ 60,724,036	\$ 4,863,930	\$ -

(a) Capella Education Company Stock Fund invests primarily in company stock, as well as short-term investments.

(b) Large Cap Growth fund seeks capital growth by investing primarily in common stocks and companies that appear to offer superior opportunities for growth of capital. The fund may invest a portion of its assets in securities of issuers domiciled outside the United States.

(c) Large Cap Value fund seeks long-term capital appreciation and income by investing in large and mid-capitalization companies whose stocks are considered undervalued and have potential for above-average dividend yields.

(d) Large Cap Blend fund employs an indexing investment approach designed to track and approximate the performance of the Standard & Poor's 500 Index.

(e) Mid Cap Growth fund seeks long-term capital growth by investing primarily in common stocks of mid-cap companies

(f) Mid Cap Value fund seeks long-term capital appreciation by investing primarily in equity investments in mid-cap issuers with market capitalizations equal to those within the Russell Midcap Value Index at the time of purchase.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 3 - Fair Value Measurements (continued)

- (g) Small Cap Growth fund seeks long-term capital growth by investing primarily in a diversified group of small, emerging growth companies or companies that offer the possibility of accelerating earnings growth due to rejuvenated management, new products, or structural changes in the economy.
- (h) Small Cap Value fund seeks long-term capital growth by investing primarily in equity securities of companies that have market capitalizations in the range of the Russell 2000 Value Index at time of purchase, and are believed to be undervalued.
- (i) International Blend fund seeks long-term capital growth by investing primarily in common stocks of Europe and the Pacific Basin issuers with potential for growth.
- (j) Global Stock Growth fund seeks capital appreciation by investing primarily in developed markets such as the United States, Western European countries, and Japan.
- (k) Mid Cap International Growth fund seeks long-term capital growth by primarily investing in stocks and diversifying its investments among developed and emerging countries worldwide.
- (l) Blended Growth and Income fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. The fund's allocation between stock and bond funds will change over time in relation to its target retirement date.
- (m) Retirement Income fund seeks the highest total return over time consistent with an emphasis on both capital growth and income. Provides income and relative stability from bonds and capital appreciation potential from stocks.
- (n) Fixed Income fund seeks maximum total return by investing primarily in investment grade securities, consistent with preservation of capital and prudent investment management.
- (o) Fixed Income fund employs an indexing investment approach designed to track and approximate the performance of the Barclays Capital U.S. Aggregate Float Adjusted Index.
- (p) Stable Value fund designed to provide a stable crediting rate and safety of principal plus accrued interest.

The Plan did not have any liabilities measured and reported at fair value as of December 31, 2011 and 2010.

The Plan did not have any transfers of assets between Level 1 and Level 2 of the fair value measurement hierarchy during the years ended December 31, 2011 or 2010.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 4 - Investment in Wells Fargo Stable Value Fund E - Unaudited

The Plan's investment in the Wells Fargo Stable Value E 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, 2011 and 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.

The yield earned by the Fund at December 31, 2011 and 2010 was 1.56% and 2.38%, respectively. This represents the annualized earnings of all investments in the Fund, including earnings recorded at the underlying collective trust funds, divided by the fair value of all investments in the Fund at December 31, 2011, and 2010, respectively.

The yield earned by the Fund with an adjustment to reflect the actual interest rate credited to participants in the Fund at December 31, 2011 and 2010 was 2.33% and 2.90%, respectively. This represents the annualized earnings credited to participants in the Fund, divided by the fair value of all investments in the Fund at December 31, 2011 and 2010, respectively.

There are several specific risks to investment contracts. One of the primary risks involved is credit risk of the contract issuer. Credit risk for security-backed contracts includes risks arising from the potential inability of the issuer to meet the terms of the contract wrapper and the potential default of the underlying fixed-income securities. Secondly, liquidity is limited because of the unique characteristics of investment contracts and the absence of an actively traded secondary market. Interest rate risk is also present because rates may be fixed with these products.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 5 - Investments - Unaudited

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by Fidelity Management Trust Company as of December 31:

	2011	2010
Capella Education Company common stock**	\$ 4,881,544 *	\$ 10,908,008 *
Value of interest in fully benefit-responsive contracts:		
Wells Fargo Stable Value E	4,781,206 *	4,759,227 *
Mutual funds:		
T Rowe Price Retirement 2040	9,386,841 *	7,484,744 *
Vanguard 500 Index Signal	6,385,944 *	6,293,549 *
American Funds Growth Fund of America R6	5,906,049 *	6,206,265 *
Pimco Total Return Institutional CL	5,358,109 *	4,933,528 *
American Funds Euro Pacific Growth R6	4,184,704 *	4,770,716 *
T Rowe Price New Horizons Fund	4,266,827 *	3,717,111 *
Columbia Small Cap Value Fund IZ	3,381,963 *	3,631,900 *
Vanguard Windsor II Adm	3,875,478 *	3,427,936 *
T Rowe Price Retirement 2030	3,616,007 *	2,565,542 *
T Rowe Price Retirement 2020	3,194,629	2,481,854
Oppenheimer Global Y Fund	1,755,049	1,925,499
Vanguard Total Bond Market Index Signal	1,378,908	1,195,417
T Rowe Price Retirement 2010	726,707	479,551
Morgan Stanley Institutional Mid Cap Growth I	543,852	225,317
Goldman Sachs Mid Cap Value Institutional	354,233	109,128
T Rowe Price Retirement 2025	303,332	27,328
T Rowe Price Retirement 2045	251,685	87,178
T Rowe Price Retirement 2035	249,572	31,648
T Rowe Price Retirement 2015	221,815	42,019
T Rowe Price International Discovery Fund	209,501	82,204
T Rowe Price Retirement 2050	166,774	79,861
T Rowe Price Retirement 2055	54,450	3,421
T Rowe Price Retirement Income Fund	40,362	14,312
Total investments	\$ 65,475,541	\$ 65,483,263

* Represents 5% or more of the Plan's net assets available for benefits

**Non-participant directed

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 5 - Investments – Unaudited (continued)

The following schedule presents appreciation (depreciation) of the Plan's investments (including gains and losses on investments bought, sold, and held during the year) during the year ended December 31, 2011:

Mutual fund investments	\$	(3,063,853)
Wells Fargo Stable Value Fund E		106,897
Capella Education Company common stock fund		(4,650,547)
Total	\$	<u>(7,607,503)</u>

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

	2011	2010
Capella Education Company common stock	\$ 4,881,544	\$ 10,908,008
Changes in net assets:		
Net appreciation (depreciation) in fair value of stock	(4,650,547)	
Distributions to participants	(936,139)	
(Receivables) payables, net	8,693	
Expenses	(20,026)	
Transfers to participant directed investments	(428,445)	
	<u>\$ (6,026,464)</u>	

NOTE 6 - 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 (IRS) 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.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan. The financial statements effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain tax positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2008.

CAPELLA EDUCATION COMPANY RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011 and 2010, and for the Year Ended December 31, 2011

NOTE 7 - 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, 2011 and 2010 and for the year ended December 31, 2011 are as follows:

	2011	2010
Total net assets per Form 5500, Schedule H	\$ 67,073,203	\$ 66,744,753
Adjustments at December 31:		
Employer match contribution receivable	-	72,445
Approved but unpaid operating payable	-	(1,738)
Net assets available for benefits per financial statements	<u>\$ 67,073,203</u>	<u>\$ 66,815,460</u>
Increase in net assets per Form 5500, Schedule H	\$ 328,450	
Adjustments at December 31:		
Change in prior year receivable/payable	(70,707)	
Increase in net assets available for benefits per financial statements	<u>\$ 257,743</u>	

NOTE 8 – Parties in Interest

Certain Plan investments are shares of stock of the Plan sponsor. Therefore, the investments qualify as party in interest transactions.

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

December 31, 2011

Plan 001

EIN 41-1717955

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
	T. Rowe Price	Retirement 2040	**	\$ 9,386,841
	Vanguard	500 Index Signal	**	6,385,944
	American Funds	Growth Fund of America R6	**	5,906,049
	Pimco	Total Return Institutional CL	**	5,358,109
*	Capella Education Company	134,906 shares of Common Stock	\$ 2,629,271	4,881,544
	Wells Fargo	Stable Value E	**	4,781,206
	T. Rowe Price	New Horizons Fund	**	4,266,827
	American Funds	EuroPacific Growth R6	**	4,184,704
	Vanguard	Windsor II Adm	**	3,875,478
	T. Rowe Price	Retirement 2030	**	3,616,007
	Columbia	Small Cap Value Fund I Class Z	**	3,381,963
	T. Rowe Price	Retirement 2020	**	3,194,629
	Oppenheimer	Global Y Fund	**	1,755,049
	Vanguard	Total Bond Market Index Signal	**	1,378,908
	T. Rowe Price	Retirement 2010	**	726,707
	Morgan Stanley	Institutional Mid Cap Growth I	**	543,852
	Goldman Sachs	Mid Cap Value Instl	**	354,233
	T. Rowe Price	Retirement 2025	**	303,332
	T. Rowe Price	Retirement 2045	**	251,685
	T. Rowe Price	Retirement 2035	**	249,572
	T. Rowe Price	Retirement 2015	**	221,815
	T. Rowe Price	International Discovery Fund	**	209,501
	T. Rowe Price	Retirement 2050	**	166,774
	T. Rowe Price	Retirement 2055	**	54,450
	T. Rowe Price	Retirement Income Fund	**	40,362
*	Notes Receivable from Participants	Interest rates range from 4.25%-9.25%	-0-	1,526,373
				<u>\$67,001,914</u>

* Represents a party-in-interest

** Cost omitted for participant directed investment

This information has been prepared based on information certified as complete and accurate by Fidelity Management Trust Company, the Trustee.