

CAPELLA EDUCATION CO
Form 4
May 18, 2007

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Rausch Elizabeth M

2. Issuer Name and Ticker or Trading Symbol
CAPELLA EDUCATION CO
[CPLA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
05/16/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP, Human Resources

225 SOUTH 6TH STREET, 9TH FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

MINEAPOLIS, MN 55402

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/16/2007		M		6,553	A	\$ 11.71
Common Stock	05/16/2007		M		5,002	A	\$ 11.92
Common Stock	05/16/2007		M		2,272	A	\$ 17.72
Common Stock	05/16/2007		M		1,221	A	\$ 20
Common Stock	05/16/2007		M		12,833	A	\$ 20
							11,049
							16,051
							18,323
							19,544
							32,377

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Common Stock	05/16/2007	M	20,000	A	\$ 4.5	52,377	D	
Common Stock	05/16/2007	S	52,377	D	\$ 34.38	0	D	
Common Stock						2,793	I	By ESOP (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 11.71	05/16/2007		M	6,553	(2)	08/25/2012	Common Stock	6,553
Stock Option (right to buy)	\$ 11.92	05/16/2007		M	5,002	(3)	10/22/2013	Common Stock	5,002
Stock Option (right to buy)	\$ 17.72	05/16/2007		M	2,272	(4)	07/27/2014	Common Stock	2,272
Stock Option (right to buy)	\$ 20	05/16/2007		M	1,221	(5)	08/11/2015	Common Stock	1,221
Stock Option (right to buy)	\$ 20	05/16/2007		M	12,833		02/13/2007 02/14/2016	Common Stock	12,833

Stock Option (right to buy)	\$ 4.5	05/16/2007	M	20,000	<u>(6)</u>	10/21/2009	Common Stock	20,000
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Rausch Elizabeth M 225 SOUTH 6TH STREET, 9TH FLOOR MINEAPOLIS, MN 55402			VP, Human Resources	

Signatures

Erik J. Romslo, as attorney-in-fact for Elizabeth M. Rausch	05/17/2007
<u> </u> **Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) As last reported on March 6, 2007
- (2) Exercisable as to 1638 shares on each of August 26, 2003, August 26, 2004, August 26, 2005 and as to 1639 shares on August 26, 2006.
- (3) Exercisable as to 1667 shares on October 23, 2004, 1668 shares on October 23, 2005, 1667 shares on October 23, 2006 and 1668 shares on October 23, 2007.
- (4) Exercisable as to 1136 shares on each of July 28, 2005, July 28, 2006, July 28, 2007 and 1137 shares on July 28, 2008.
- (5) Exercisable as to 1221 shares on August 12, 2006, 1222 shares on August 12, 2007, 1221 shares on August 12, 2008 and 1222 shares on August 12, 2009.
- (6) Exercisable as to 5000 shares on each of October 22, 2000, October 22, 2001, October 22, 2002 and October 22, 2003.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.