

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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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
Schroeder Paul A

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)
225 SOUTH 6TH STREET, 9TH FLOOR

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

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior Vice President

(Street)
MINNEAPOLIS, MN 55402

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

(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		10,325	A	\$ 11.92
Common Stock	05/16/2007		M		5,162	A	\$ 11.92
Common Stock	05/16/2007		M		12,257	A	\$ 14.25
Common Stock	05/16/2007		M		12,256	A	\$ 14.25
Common Stock	05/16/2007		S		40,000	D	\$ 34.38

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Common Stock 2,743 I By ESOP (1)

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

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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)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 11.92	05/16/2007		M	10,325	(2) 10/22/2013	Common Stock	10,325
Stock Option (right to buy)	\$ 11.92	05/16/2007		M	5,162	(3) 10/22/2013	Common Stock	5,162
Stock Option (right to buy)	\$ 14.25	05/16/2007		M	12,257	(4) 04/08/2011	Common Stock	12,257
Stock Option (right to buy)	\$ 14.25	05/16/2007		M	12,256	(4) 04/08/2011	Common Stock	12,256

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Schroeder Paul A 225 SOUTH 6TH STREET, 9TH FLOOR MINNEAPOLIS, MN 55402			Senior Vice President	

Signatures

Erik J. Romslo, as attorney-in-fact for Paul A.
Schroeder

05/17/2007

__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 5,162 shares on October 23, 2004 and 5,163 shares on October 23, 2005.
- (3) Exercisable as to 5,162 shares on October 23, 2006 and 5,164 shares on October 23, 2007.
- (4) Exercisable as to 17,983 shares on each of April 8, 2002, April 8, 2003, April 8, 2004 and April 8, 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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