

CAPELLA EDUCATION CO  
 Form 3  
 November 09, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0104  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â Rausch Elizabeth M		(Month/Day/Year)	CAPELLA EDUCATION CO [CPLA]	
(Last)	(First)	(Middle)	4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
225 SOUTH 6TH STREET, 9TH FLOOR		11/09/2006	(Check all applicable)	
(Street)			<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
MINEAPOLIS,Â MNÂ 55402			<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other
(City)	(State)	(Zip)	(give title below)	(specify below)
			VP, Human Resources	6. Individual or Joint/Group Filing(Check Applicable Line)
				<input checked="" type="checkbox"/> Form filed by One Reporting Person
				<input type="checkbox"/> Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	2,210	I	By ESOP

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

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date		Amount or Number of Shares		or Indirect (I) (Instr. 5)	
Stock Option (right to buy)	Â (1)	10/21/2009	Common Stock	20,000	\$ 4.5	D	Â
Stock Option (right to buy)	Â (1)	08/25/2012	Common Stock	6,553	\$ 11.71	D	Â
Stock Option (right to buy)	Â (2)	10/22/2013	Common Stock	6,670	\$ 11.92	D	Â
Stock Option (right to buy)	Â (3)	07/27/2014	Common Stock	4,545	\$ 17.72	D	Â
Stock Option (right to buy)	Â (4)	08/11/2015	Common Stock	4,886	\$ 20	D	Â
Stock Option (right to buy)	Â (5)	08/01/2013	Common Stock	5,337	\$ 20	D	Â
Class G Preferred Stock	Â (6)	Â (6)	Common Stock	4,496	\$ (6)	D	Â

## Reporting Owners

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

## Signatures

Michael K. Coddington, Attorney-in-Fact for Elizabeth M. Rausch  
11/08/2006

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(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) Immediately.
- (2) The option vests as to 25% of the shares annually beginning on October 23, 2004.
- (3) The option vests as to 25% of the shares annually beginning on July 28, 2005.
- (4) The option vests as to 25% of the shares annually beginning on August 12, 2006.
- (5) The option vests as to 25% of the shares annually beginning on August 2, 2007.

The Class G Preferred Stock is immediately convertible into Company common stock on a one-for-one basis and has no expiration date.

- (6) The Class G Preferred Stock of the Company shall automatically convert into common stock of the Corporation upon the closing of the initial public offering.

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.