Capella Education Company
Code of Business Conduct

COMPLIANCE WITH LAWS AND ETHICAL STANDARDS

Capella Education Company and its subsidiaries (collectively, "Capella") conduct their business in strict compliance with applicable laws, rules and regulations, with honesty and integrity, and with a strong commitment to the highest ethical standards. All Capella directors, officers and employees will perform their Capella duties in compliance with all applicable laws, rules and regulations of the governmental authorities that have jurisdiction over Capella operations. Capella management will not cause directors, officers, employees or others to take any action on behalf of Capella that would result in the violation of any law, rule, regulation or ethical standard.

Capella expects its directors, officers and employees to deal fairly with Capella's learners, suppliers, competitors, their employees and the public. Capella directors, officers and employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Directors, officers and employees must not take any action that would injure Capella's business or reputation.

Any director, officer or employee who has questions about the legality or propriety of a proposed course of action should consult with his or her supervisor. (For purposes of this Code of Business Conduct, a director's "supervisor" shall be deemed to be the Chair of the Governance Committee. When and where necessary, the Chair of the Governance Committee will refer a matter to the full Board for consideration.) If a director's, officer's or employee's consultation with the supervisor does not resolve the matter satisfactorily, or if under the circumstances consultation with the supervisor is not appropriate, the director, officer or employee should consult Capella's General Counsel or Head of Human Resources.

POLICY WAIVERS

Except as otherwise specifically provided herein, waivers from policies described herein for actions of executive officers or directors of Capella may be made only by the Board of Directors; waivers for faculty members may be made only by the President of Capella University or his or her designee; and waivers for all other covered persons may be made only by the Capella General Counsel or his or her designee. Any amendment to or waiver of this Code of Business Conduct that applies to a director, executive officer, principal accounting officer, controller or other employee performing similar functions, will be publicly disclosed as required by applicable law, regulation or exchange or market rules.

CONFLICTS OF INTEREST

All directors, officers and employees must avoid conflicts of interest that have not been approved in advance and in writing by the supervisor of the director, officer or employee. The concept of a conflict of interest involves not only legal considerations,

but moral and ethical principles as well. Generally, a conflict of interests exists when a director, officer or employee engages in activities or has a personal interest that interferes with the performance of his or her duties to Capella or that affects, or appears to affect, the director's, officer's or employee's ability to act in the best interests of Capella. Directors, officers and employees must avoid not only actual conflicts of interest, but also those circumstances that create the appearance of a conflict.

It is impossible to list every situation in which an actual or apparent conflict of interest could exist. The following are examples of activities that are considered conflicts of interest and are prohibited, unless specifically approved in advance and in writing:

1. Competing directly or indirectly with Capella.

2. Having a direct or indirect financial interest in competitors, suppliers or customers, except owning publicly-traded securities where the person's percentage of ownership is less than 1%.

3. Serving as an employee, consultant, officer or director for a competitor or receiving income from a competitor, except for certain teaching and site review activities discussed below.

4. Serving as a director, officer, employee or consultant of, or receiving income from, any person or organization that the director, officer or employee knows, or reasonably should know, does business with Capella or its learners, or that the director, officer or employee knows, or reasonably should know, is seeking to do business with Capella or its learners as a supplier, customer, learner or otherwise; provided, however, that arms-length transactions between directors, officers or employees of Capella or its learners, and organizations or persons doing or seeking to do business with Capella or its learners, are not deemed conflicts of interest for purposes of this Code.

5. Substantially using Capella assets (including Capella's name, information, or facilities) for non-Capella purposes.

6. Engaging in any non-Capella employment or consulting work that prevents the director, officer or employee from satisfactorily performing his or her Capella responsibilities.

7. Accepting gifts or loans from a person or an organization that does business with Capella or seeks to do so, except as permitted by the section entitled "Gifts and Loans" below.

For the purposes of this section, "competitor" means any person, corporation, not-for-profit organization or other entity that is engaged in any business that competes with: (a) any of the businesses or programs conducted by Capella during the term of the director's or employee's service with Capella, or (2) any of the potential businesses or programs the director or employee knew or had reason to know were in development by

Capella in the education industry during the period of the director's or employee's service with Capella.

Capella employees and faculty may teach at other institutions in certain circumstances. Faculty members should refer to the current version of the "Capella University Faculty Employment Experience Guide" for information on work commitments outside of Capella. Capella non-faculty employees may teach one course per quarter or semester at a not-for-profit or publicly-funded organization, so long as the employee has obtained the prior approval of his or her supervisor following a review of the potential conflicts of interest and additional workload.

Capella employees may participate in site review teams for regulatory and accreditation purposes related to their area of experience. The Capella general counsel or his or her designee must be informed of such arrangements in advance so a review for potential conflicts of interest and other concerns may be conducted.

The Capella University Financial Aid Code of Conduct sets forth further restrictions on relationships with lending institutions.

OTHER OUTSIDE BUSINESS INTERESTS

Full time employment with Capella precludes employees from having full-time employment elsewhere; however, part-time employment or engagement with other entities or ventures is permissible. Such arrangements must be reported to the employee's supervisor so a review for potential conflicts of interests and other concerns can be conducted. The appropriateness of a Capella employee engaging in outside business activities depends upon many factors, including the nature and extent of the outside interest, the potential for conflicts of interests, and the relationship between Capella and the outside entities and the duties involved.

Capella employees may serve as board members for other organizations that are not competitors, so long as such service does not interfere with Capella duties, with the prior approval of the Capella General Counsel or his or her designee. Capella officers may serve as board members for other entities that are not competitors; however, approval of the Capella Governance Committee is required for simultaneous service by an individual on the boards of more than one for-profit entity. Board service by directors is addressed in Capella's Corporate Governance Principles.

PUBLIC DISCLOSURE REQUIREMENTS

Capella requires honest and accurate accounting and recording of financial and other information in order to make responsible business decisions and provide an accurate account of our company's performance to shareholders and regulators. It is a violation of law and Capella policy for any Capella person to attempt to improperly influence or mislead any accountant engaged in preparing our audit. Capella is committed to full compliance with all requirements applicable to its public disclosures, and requires that its financial and other reporting fairly present the financial condition, results of operations and cash flow of our company and comply in all respects with applicable law,

governmental rules and regulations, including generally accepted accounting principles (GAAP) and applicable rules of the U.S. Securities and Exchange Commission (SEC) and other market and banking regulators.

Capella has implemented disclosure controls and procedures (including establishment of a Disclosure Committee) to ensure that its public disclosures are timely, compliant and otherwise full, fair, accurate and understandable. Employees responsible for preparing Capella's public disclosures, or providing information as part of that process, are responsible for ensuring that such disclosures and information are complete, accurate and in compliance with Capella's disclosure controls and procedures.

CORPORATE OPPORTUNITIES

Directors, officers and employees must not take for themselves personally any business opportunities that are discovered through use of corporate property, information or the director's, officer's or employee's position with Capella. Directors, officers and employees of Capella owe a duty to Capella to advance Capella's legitimate business interests when the opportunity to do so arises.

CAPELLA PROPERTY AND OTHER ASSETS

All directors, officers and employees have an obligation to protect the assets of Capella. The assets of Capella must be used for lawful purposes in furtherance of the business interests of Capella. Directors, officers and employees must not use Capella property, information or their position with Capella for personal gain. Non-incidental use of Capella assets for purposes other than conducting Capella business is forbidden.

Before publishing or presenting academic information pertaining to Capella, employees must receive prior approval from their faculty chair or supervisor, as the case may be. Capella employees may not reference Capella when making oral or written statements in their personal capacity in such a way that a person could reasonably attribute such statement as being made on behalf of Capella. Questions regarding application of this paragraph should be directed to the Capella General Counsel or his or her designee.

Directors, officers and employees must not establish any undisclosed or unrecorded fund or asset for any purpose. They must not make false entries in the books and records of Capella for any reason.

All documents submitted in support of a request for payment by Capella must state the purpose of the payment accurately and completely, and payments made by Capella must be used solely for the purpose described on the supporting documents. Expenses may not be charged to Capella unless they are for Capella business purposes and comply with Capella expense policies.

GIFTS AND LOANS

Capella will not extend a loan (including a guarantee of any obligation) to any director, officer, employee or any family member of a director, officer or employee, except loans

to employees who are not officers or directors under the terms of Capella's relocation policy or employee investment plans.

No director, officer or employee may offer or provide any gift, loan or other personal benefit (such as trips, meals, or entertainment) of any size to any employee of any governmental agency or to any person who is publicly elected or appointed. Any other business related gifts or entertainment expenses must be in accordance with Capella's Corporate Reimbursement Policy.

No director, officer or employee may accept, or permit any member of his or her immediate family to accept, any gifts, gratuities or other favors from any current or potential customer, learner, supplier, financing source or other person doing or seeking to do business with Capella, other than items of insignificant value. Generally, a gift that the recipient believes to be worth more than $50 would be considered not to be insignificant and, therefore, would be outside what is permitted by this policy. The occasional acceptance of small gratuities (*e.g.,* edibles, business meals or promotional/novelty items) may be acceptable if refusal would cause undue embarrassment or strain on the business relationship and the value is nominal. Directors, officers and employees may never accept money, loans, credit or prejudicial discounts. No business gift or entertainment should ever be offered, given, provided or accepted by any employee, officer, or director, or by any family member of such person, unless it:

- Is consistent with customary business practices;
- Cannot be construed as a bribe or payoff;
- Does not violate any laws or regulations; and
- Does not imply that additional business opportunities are contingent upon the gift/gratuity.

However, as part of a charity or public service program sponsored by Capella, directors, officers and employees may solicit contributions to or participation in that program from such persons or organizations.

Capella regularly does business with several financial institutions and other lenders for the provision of student loans. Directors, officers and employees are prohibited from either giving or receiving gifts, gratuities, entertainment or other favors of any value to or from any current or prospective lender if such activity is in any way connected to the Company or its business. Any questions in this regard should be directed to the Capella General Counsel or his or her designee.

Common sense and moderation should be applied in business entertainment engaged in on behalf of Capella. Directors, officers and employees should not provide or accept business entertainment to or from anyone doing business with Capella unless the entertainment is infrequent, modest and intended to serve legitimate business goals.

The promise, offer or delivery to an official or employee of any government of a gift, favor or other gratuity in violation of any laws, rules or regulations would not only violate this Code of Conduct but could also be a criminal offense. Any questions in this regard should be directed to the Capella General Counsel or his or her designee.

POLITICAL CONTRIBUTIONS

All directors, officers and employees are encouraged to participate in political activities on their own behalf, on their own time and in their own way. No Capella funds or other assets are to be contributed or loaned, directly or indirectly, to any political party or to the campaign of any person for political office. Directors, officers and employees may not seek reimbursement from Capella as a business expense for any contributions to, or expenses incurred in support of, any political party or campaign.

Employees, officers and directors may, but are not required to, contribute to the Capella Political Action Committee (PAC). When engaging in political activities, the PAC complies with all laws and regulations that relate to these activities.

NONDISCLOSURE OF CONFIDENTIAL INFORMATION

Capella Confidential Information. Except as required for a director's, officer's or employee's duties for Capella, directors, officers and employees must not, either during their service to or employment by Capella or at any time thereafter, use or disclose to any person any Capella Confidential Information (as defined below) for any purpose. Directors, officers and employees must follow all procedures and policies adopted by Capella from time to time regarding the treatment and protection of Capella Confidential Information. For purposes of this paragraph, "Capella Confidential Information" means information proprietary to Capella and not generally known (including trade secret information) about Capella's business, customers, learners, products, services, personnel, pricing, sales strategy, marketing efforts, technology, methods, processes, research, development, finances, systems, software, techniques, accounting, purchasing, business strategies and plans. All information disclosed to a director, officer or employee or to which he or she obtains access during his or her service to or employment by Capella, whether originated by that director, officer or employee or by others, is presumed to be Capella Confidential Information if it is treated by Capella as being confidential, or if the director, officer or employee has a reasonable basis to believe it to be Capella Confidential Information.

Learner Confidential Information. Capella and its officers, directors and employees are subject to strict rules governing the disclosure of information about learners outside of Capella or within the organization. Directors, officers and employees must comply with these rules. Employees who receive a request for information about learners should contact the Registrar before responding to the request. Directors, officers and employees who are learners must not access their own learner records except through the appropriate channels as any other learner.

Confidential Information of Others. Unless Capella has obtained written authority from the owner, the receipt, appropriation, possession, use or retention of materials or information in any form (oral, written, electronic, or otherwise) that is the confidential, proprietary, or trade secret property of another organization or person is prohibited. Any exceptions to this policy must be approved in writing in advance by the CEO or his or her designee.

ANTI-CORRUPTION, ANTI-BRIBERY AND THE FOREIGN CORRUPT PRACTICES ACT

Capella employees, officers and directors will not offer, give or receive bribes or kickbacks in any form and under any circumstance. Many countries, including the U.S., have anti-bribery and anti-corruption laws. Capella honors all of these laws and will comply with each country's rules and restrictions.

The U.S. Foreign Corrupt Practices Act (FCPA) applies to U.S. companies and all of their locations and employees (within and outside of the U.S.). The FCPA prohibits making a payment, buying services, giving or offering a gift, promising to give or authorizing to give anything of value to a foreign official, political party, political candidate, or employee of an international organization or non-U.S. government for the purpose of obtaining or retaining business. Foreign officials include employees of state-owned commercial businesses.

The FCPA applies to all employees of Capella as well as our officers, directors, joint venture partners, intermediaries, agents and contractors. Capella abides by the FCPA everywhere in the world we do business, even if payments or gifts are not prohibited by local law.

There may be cases where a "facilitating payment" is allowed under the FCPA. Facilitating payments might include payments for routine business permits, visas, utility services or similar functions that are performed by the government. In order to determine if a payment would qualify under this provision, employees must contact Capella's General Counsel prior to offering or making any facilitating payments.

If a payment, entertainment expense, or gift is made to a party covered by the FCPA, the expenditure must be properly and accurately recorded in Capella's accounting systems and related records.

If an employee believes that there has been an FCPA violation, the matter must immediately be reported to Capella's General Counsel for review.

INTELLECTUAL PROPERTY

Patents, trademarks, copyrights, trade secrets and other forms of intellectual property are valuable assets of Capella, and all directors, officers and employees must protect them and assist Capella in securing and maintaining patents or registrations for them

and enforcing such rights. See "Confidential Information" above. These obligations continue even after service to or employment with Capella ends.

Some directors, officers and employees may execute separate agreements dealing with intellectual property matters. If any part of the following intellectual property policy statement conflicts with the terms of a separate Capella agreement that has been executed by a particular director, officer or employee, the terms of the separate agreement will govern as to that particular director, officer or employee.

Directors, officers and employees who conceive or reduce to practice inventions in the course of their work for Capella must assign ownership of them, along with associated patent rights, to Capella. Capella must compensate directors, officers and employees for assigning their rights in inventions that Capella seeks to protect under patent laws, in an amount not to exceed $500 per invention (evenly allocated among all inventors). Directors, officers and employees must prepare and maintain records of the inventions, submit information about the inventions to Capella, and maintain them as trade secrets and/or assist in securing, protecting and enforcing patents, as determined by Capella. With respect to inventions conceived or reduced to practice during the period of Capella employment, the foregoing obligations continue even after Capella employment ends. However, this paragraph does not apply to an invention for which no equipment, supplies, facility or trade secret information of Capella was used and which was developed entirely on the director's, officer's or employee's own time, and (1) which does not relate (a) directly to the business of Capella or (b) to Capella's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the director, officer or employee for Capella.

With respect to all forms of intellectual property other than patents, from inception or creation, Capella owns all rights in all materials, items, and works created, authored or otherwise produced by any director, officer or employee, including, but not limited to, course design and content. However, the preceding sentence does not apply to the copyright in a work for which no equipment, supplies, facility or trade secret information of Capella was used and which was developed entirely on the director's, officer's or employee's own time, and (1) which does not relate (a) directly to the business of Capella or (b) to Capella's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the director, officer or employee for Capella. Moreover, except to the degree that such materials are created in connection with the development of course design or content, Capella does not claim the copyrights to scholarly books or articles written by faculty members that relate to the faculty member's area of subject matter expertise and that do not relate to methods of course delivery or distance learning proprietary to Capella. Capella will respect the copyright of any material previously written and copyrighted by a faculty member who wishes to use that material in the development of a Capella course and/or as content for a Capella course; provided, however, that the faculty member must grant Capella a royalty-free, perpetual, irrevocable, nonexclusive and fully sublicensable right to use, reproduce, adapt, publish, translate, create derivative works of, distribute, perform and display such previously written material (in whole or in part) worldwide and/or to incorporate it in other works in any form, media or technology now known or later

developed, solely in connection with providing the course (as the course may be changed from time to time). Directors, officers, employees and faculty members who have questions about rights to books or articles that they plan to write or have written should contact the Capella General Counsel or the General Counsel's designee for clarification.

The patents, trademarks, copyrights and trade secrets of other organizations and people must be honored. No director, officer, employee or faculty member may knowingly use software, publications, inventions, ideas or other materials covered by a patent, copyright or trademark held by some person or organization other than Capella unless Capella has secured a license allowing such use. Any director, officer, employee or faculty member who wishes to use such material should contact the Capella General Counsel or the General Counsel's designee. Faculty intending to use copyrighted or patented materials in their courses are responsible for securing written permissions from the copyright- or patent-holder in a form and manner designated by Capella.

Directors, officers, employees and faculty members must not defame any person, or invade or misappropriate any person's rights of privacy or rights or publicity.

To the extent that directors, officers, employees and faculty members engage in projects and research with third parties (such as research supported by grants and faculty-sponsored student research), ownership of and rights to intellectual property should be addressed in writing in advance. Any director, officer, employee or faculty member who wishes to engage in such a project should contact the President or Senior Vice President of Capella University.

COMPLIANCE WITH POLICIES

All directors, officers, employees and faculty members of Capella must comply with the policies described in this document. In addition, this document is deemed to include by reference the following policies, and the violation of any such policy will be also be deemed a violation of this Code of Business Conduct: Capella's Insider Trading Policy, Capella University's Learner Code of Conduct, and Capella University's Financial Aid Code of Conduct. A violation of this Code of Business Conduct may result in disciplinary action, which may include discharge. Any violation of these policies that is also a violation of law will be reported to the appropriate authorities.

Questions about the policies and their application to particular situations may be directed to the people identified in specific sections of this document or to a director, officer, employee or faculty member's supervisor, Human Resources representative, any other member of management, or Capella's General Counsel or his or her designee.

IMPLEMENTATION OF THE CODE

Any director, officer, employee or faculty member who becomes aware of facts indicating a possible violation of any applicable laws, rules, regulations or this Code of

Business Conduct should report those facts promptly to his or her supervisor, Human Resources representative, the Vice President of Human Resources or the Capella's General Counsel. All supervisory employees who become aware of suspected violations must report the suspected violation to either the Vice President of Human Resources or the General Counsel.

Directors, officers, employees and faculty members may choose to report a suspected violation of this Code of Business Conduct anonymously through Capella's reporting service, ComplyLine. Directors, officers, employees and faculty members may also report a violation or suspected violation anonymously by sending a letter or confidential fax to:

General Counsel
Capella Education Company
225 South 6th Street, 9th Floor
Minneapolis, MN 55402
612-977-5057 (fax)

When sending a report of suspected violation anonymously, the sender should provide as much detail as possible regarding the violation or suspected violation so that an investigation can be completed.

If a report of a violation or suspected violation relates to accounting, accounting controls or audit-related matters, the report will be forwarded to the Audit Committee of Capella's Board of Directors for an independent investigation.

All reports of violations or suspected violations will be kept confidential to the extent possible, consistent with Capella's need to conduct an adequate investigation.

Neither Capella nor any director, officer or employee of Capella will engage in any form of retaliation against any director, officer, employee or faculty member because he or she has reported a suspected violation in good faith. Any director, officer, employee or faculty member who engages in any form of retaliation against someone who has reported a violation or suspected violation in good faith is subject to discipline up to and including termination of employment.

Date last reviewed by Governance Committee: February 21, 2012

Date last revised by Board of Directors: February 22, 2012