

CAPELLA EDUCATION CO
Form 425
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Subject Company: Capella Education Company

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STRAYER EDUCATION, INC.

Making education achievable for working adults

MEMORANDUM

DATE: July 9, 2018

TO: All Faculty & Staff

FROM: Karl McDonnell, President & Chief Executive Officer

RE: Higher Learning Commission approves Change of Control of Capella University

Dear Colleague:

I m pleased to share the positive news that the Higher Learning Commission (HLC), Capella University s regional accreditor, approved the change of control of Capella University in connection with the merger between Strayer Education, Inc. and Capella Education Company. Therefore, we expect the merger to close on or before Wednesday, August 1, 2018.

This a major milestone for our organizations, and I look forward to our shared future. Thank you for your continued support in serving our students and learners.

Sincerely,

Karl

Forward Looking Statements

This communication contains certain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995 (the Reform Act). Such statements may be identified by the use of words such as expect, estimate, assume, believe, anticipate, will, forecast, plan, project, or similar words and may include statements with respect to, among other things, the proposed Merger of a wholly-owned subsidiary of Strayer with and into Capella, including the expected timing of completion of the Merger; the anticipated benefits of the Merger, including estimated synergies; the combined company's plans, objectives and expectations; future financial and operating results; and other statements that are not historical facts. The statements are based on Strayer's and Capella's current expectations and are subject to a number of assumptions, uncertainties and risks. In connection with the safe-harbor provisions of the Reform Act, Strayer and Capella have identified important factors that could cause Strayer's or Capella's actual results to differ materially from those expressed in or implied by such statements. The assumptions, uncertainties and risks include:

Risks Related to the Merger

- the risk that the Merger may not be completed in a timely manner or at all due to the failure to satisfy conditions to completion of the Merger;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the outcome of any legal proceeding that may be instituted against Strayer, Capella and others following the announcement of the Merger;
- the amount of the costs, fees, expenses and charges related to the Merger;
- the risk that the benefits of the Merger, including expected synergies, may not be fully realized or may take longer to realize than expected;
- the risk that the Merger may not advance the combined company's business strategy and growth strategy;
- the risk that the combined company may experience difficulty integrating Strayer's and Capella's employees or operations;

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- the potential diversion of Strayer's and Capella's management's attention resulting from the proposed Merger; and

- other risks and uncertainties identified in Strayer's and Capella's filings with the SEC.

Risks Related to Our Business

- the pace of growth of student enrollment;

- our continued compliance with Title IV of the Higher Education Act, and the regulations thereunder, as well as regional accreditation standards and state regulatory requirements;

- rulemaking by the Department of Education and increased focus by the U.S. Congress on for-profit education institutions;

- competitive factors;

- risks associated with the opening of new campuses;

- risks associated with the offering of new educational programs and adapting to other changes;

- risks relating to the timing of regulatory approvals;

- our ability to implement our growth strategy;

- risks associated with the ability of our students to finance their education in a timely manner; and

- general economic and market conditions.

Actual results may differ materially from those projected in the forward-looking statements. Strayer and Capella undertake no obligation to update or revise forward-looking statements.

Additional Information and Where to Find It

Investors and security holders are urged to carefully review and consider each of Strayer's and Capella's public filings with the SEC, including but not limited to their Annual Reports on Form 10-K, their proxy statements, their Current Reports on Form 8-K and their Quarterly Reports on Form 10-Q. The documents filed by Strayer with the SEC may be obtained free of charge at Strayer's website at www.strayereducation.com, in the Investor Relations tab at the top of the page, or at the SEC's website at www.sec.gov. These documents may also be obtained free of charge from Strayer by requesting them in writing to 2303 Dulles Station Boulevard, Herndon, VA 20171. The documents filed by Capella with the SEC may be obtained free of charge at Capella's website at www.capellaeducation.com, in the Investor Relations tab at the top of the page, or at the SEC's website at www.sec.gov. These documents may also be obtained free of charge from Capella by requesting them in writing to 225 South 6th Street, 9th Floor, Minneapolis, Minnesota 55402.

In connection with the proposed Merger, on November 20, 2017, Strayer filed a registration statement on Form S-4 with the SEC which included a joint proxy statement of Strayer and Capella and a prospectus of Strayer. The registration statement was amended on December 4, 2017 and declared effective on December 8, 2017. On January 19, 2018 at their respective special meetings, Strayer's stockholders approved the issuance of Strayer common stock and the amendment and restatement of Strayer's charter, each in connection with the Merger, and Capella shareholders approved the Agreement and Plan of Merger, dated as of October 29, 2017, by and among the Company, Capella and Merger Sub. INVESTORS AND SECURITY HOLDERS OF STRAYER AND CAPELLA ARE URGED TO CAREFULLY READ THE ENTIRE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. Investors and security holders can obtain the registration statement and the joint proxy statement/prospectus free of charge from the SEC's website or from Strayer or Capella as described above. The contents of the websites referenced above are not deemed to be incorporated by reference into the registration statement or the joint proxy statement/prospectus.

No Offer or Solicitations

This document shall not constitute an offer to sell or buy or the solicitation of an offer to buy or sell any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933.
