

The following is an email sent to employees of Capella Education Company and its subsidiaries on November 3, 2017.



November 3, 2017

Beginning the Integration Process



To the Capella Team:

This Wednesday, I had the opportunity to go to Strayer's headquarters outside of Washington, D.C., in Herndon, Virginia. Strayer's CEO Karl McDonnell gathered their leadership team and introduced me as the integration leader for our future endeavor. We held a town hall with them similar to the one Kevin Gilligan and Karl held with Capella's leadership team on Monday, and I did my best to give them a sense of Capella. We talked about the Capella culture, our commitment to learners and the reasons we're excited to partner with them.

I thought I'd share some observations with you from my time there:

- It's difficult to visit Strayer's headquarters and not be struck by how similar it is to Capella's. They have pictures of learners (they call them students) lining the walls, and they have laid out their office in a similar way to ours.
- Their team is enormously enthusiastic and curious about Capella. After we were done, I met people individually for more than an hour.
- I was impressed with their talent, commitment to their students and their commitment to Strayer. They were very focused on ensuring we held a similar level of commitment.
- Like the Capella team, they are hungry for information and answers about what exactly this will mean for them and their colleagues.

Karl and I shared the following messages with them:

- **Our single guiding principle in all of our integration planning will be putting learners first.** There is no issue we will face in planning for integration that will be more important than continuing to **deliver for our learners today.** That needs to remain our focus across each organization.
- We are committed to a thoughtful and deliberate integration planning process. There is no question that we need to move quickly and give people clarity as soon as possible, but we will balance that against the need to be wise and careful.

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- We are committed to keeping both the Capella and Strayer team informed as we move through the process. Transparency and credibility are going to be critical in limiting the distractions that come from integration planning.

I want to leave you with one last observation from my time at Strayer. When we were done with the leadership meeting, a Strayer employee came up to me and identified herself as a Capella graduate. She thanked me and said her Capella education and experience changed her life. People like her are the reason we do the work we do. I want you to know I'm personally committed to ensuring that this integration planning puts us in a position to serve more people like her better than either Capella or Strayer could on its own.

Thank you for your commitment to Capella.

Sincerely,

Steve Polacek
Chief Financial Officer

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," "outlook," "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:

- the risk that the merger may not be completed in a timely manner or at all due to the failure to obtain the approval of Strayer's or Capella's stockholders or the failure to satisfy other conditions (including obtaining required regulatory and educational agency approvals) 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;
- 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 Securities and Exchange Commission.

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 Securities and Exchange Commission (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 transaction, Strayer intends to file a registration statement on Form S-4 with the SEC which will include a joint proxy statement of Strayer and Capella and a prospectus of Strayer, and each party will file other documents regarding the proposed transaction with the SEC. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF STRAYER AND

CAPELLA ARE URGED TO CAREFULLY READ THE ENTIRE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS, WHEN THEY BECOME AVAILABLE, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. A definitive joint proxy statement/prospectus will be sent to the stockholders of each party seeking the required shareholder approval. Investors and security holders will be able to 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.

Certain Information Regarding Participants

Strayer, Capella and their respective directors and executive officers may be deemed participants in the solicitation of proxies in connection with the proposed transaction. You can find information about Strayer's directors and executive officers in its definitive proxy statement for the 2017 Annual Meeting of Stockholders, which was filed with the SEC on March 16, 2017, and in other documents filed with the SEC by Strayer and its directors and executive officers. You can find information about Capella's directors and executive officers in its definitive proxy statement for the 2017 Annual Meeting of Stockholders, which was filed with the SEC on March 23, 2017, and in other documents filed with the SEC by Capella and its directors and executive officers. Additional information regarding the interests of these directors and executive officers in the proposed transaction will be included in the registration statement, joint proxy statement/prospectus or other documents filed with the SEC, if any, when they become available. You may obtain these documents (when they become available) free of charge at the SEC's web site at www.sec.gov and from Strayer or Capella as described above.

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.