Notice of Annual Meeting of Shareholders, 2019 Proxy Statement and 2019 Annual Report

ADTALEM
GLOBAL EDUCATION

About Us

#WEAREADTALEM

Adtalem Global Education is a workforce solutions provider and the parent organization of Adtalem Educacional do Brasil (IBMEC, Damásio and Wyden institutions), American University of the Caribbean School of Medicine, Association of Certified Anti-Money Laundering Specialists, Becker Professional Education, Chamberlain University, EduPristine, OnCourse Learning, Ross University School of Medicine and Ross University School of Veterinary Medicine.

STUDENT FOCUSED

Empowering individuals is the meaning behind our name – Adtalem Global Education. Adtalem (pronunciation: ad TAL em) is Latin for "To Empower."

MISSION

We provide global access to knowledge that transforms lives and enables careers.

VISION

To create a dynamic global community of life-long learners who improve the world.

PURPOSE

We empower students to achieve their goals, find success and make inspiring contributions to our global community.

WE ARE
9
institutions and companies

MORE THAN
11,300
colleagues

OPERATING IN
21
different countries

WITH
56
operating campuses

As of June 30, 2019. The number of colleagues above includes more than 9,000 full- and part-time employees and approximately 2,300 independent contractors. The number of countries above reflects countries where we have locations or corporate entities.

Message from our Chairman of the Board, President and CEO

October 3, 2019

To Our Shareholders:

“As we begin fiscal 2020, we remain focused on accelerating growth by executing on our transformational workforce solutions provider strategy which will expand our customer base, product offerings and markets.”

Fiscal 2019 was a transitional year for Adtalem as we made bold moves to streamline our business into a leading workforce solutions provider. We completed the divestures of DeVry University and Carrington College — critical milestones in our strategy to refocus our three vertical businesses to better support our employer partners. We also expanded our portfolio through the acquisition of OnCourse Learning, an exciting new financial services company that gives us expanded customer reach in financial services markets. This portfolio repositioning has allowed us to leverage our strengths in the degree offering and test preparation and certification areas of workforce solutions, narrow our focus to those industries with attractive supply and demand imbalances and pivot ahead of the market with strategic customer relationships. Operationally, despite facing significant headwinds in Brazil, we delivered modest revenue and EPS growth in fiscal year 2019. The progress we made during the year reflects our steadfast commitment to executing on our long-term strategic goals.

At our Investor Day in May 2019, we unveiled a refreshed and updated strategy that will position Adtalem to better address the global workforce skills gap and permit us to better serve our markets in a more competitive and comprehensive way. As part of this strategy, not only will we work to empower students, but we will also form long-lasting partnerships with employers that aim to upskill and augment their workforces. This will reinforce Adtalem’s leadership position as the industry shifts towards providing employer-ready candidates, flexible, ongoing training and lifelong learning for employees. I’m incredibly proud of the traction we’ve already seen as our organization has embraced our vision to become a leading workforce solutions provider.

Our segments largely performed well during the year, as we continued to focus on creating superior student outcomes and improving student diversity, which we believe is an important competitive advantage for Adtalem.

Within our Medical and Healthcare segment, we achieved strong results on improving student outcomes through improved NCLEX pass rates at Chamberlain and record-high first-time residency attainment rates at the American University of the Caribbean School of Medicine (AUC) and the Ross University School of Medicine (RUSM). As a part of our commitment to increase diversity amongst doctors in the U.S., we executed six agreements over the year with Historically Black Colleges and Universities and Hispanic Serving Institutions to bring qualified students from these schools into RUSM. With more than 15 students representing all six HBCUs already enrolled, these partnerships are off to a great start, and we aim to build the pipeline in fiscal 2020.

Our Financial Services segment continued its trajectory of remarkable revenue growth, driven not only by sustained, double-digit growth in ACAMS, but also through growing momentum at Becker, a brand we reinvigorated with a strengthened core CPA value proposition, expanded CPE product offerings and more flexible delivery options. Through these efforts, we have been able to broaden our presence as a workforce solutions provider.

We did, however, face a number of challenges within our Business and Law segment in Brazil, such as delays in government funding, unfavorable currency exchange rates and increased pricing competition, which materially impacted our revenue within this segment. As a result, we implemented substantial administrative and back-office cost savings in the segment to mitigate the impact of these factors, and we began to see the benefit of these actions in the fourth quarter of fiscal 2019. At the same time, we did not waver on our commitment to maintaining the quality of student outcomes, which we believe is a testament to the operational strength of our team.

As we begin fiscal 2020, we remain focused on accelerating growth by executing on our transformational workforce solutions provider strategy which will expand our customer base, product offerings and markets. We continue to partner with educational institutions and employer partners to deliver upskilling and more workforce-ready employees, including Northeastern University where we partnered to launch AI for financial services in the fall of 2019, and Oschner Health Systems where we colocated our Chamberlain University campus. We also recently strengthened our experienced, global leadership team with the addition of Mike Randolfi, our Chief Financial Officer. Mike will play a critical role as we build upon our strong foundation to deliver improving and consistent financial performance. Together, our team is committed to unlocking value creation opportunities as a workforce solutions provider and aligning our business with our mission and student commitments to drive long-term growth and enhanced profitability.

On behalf of our entire Adtalem Global Education team and Board of Directors, I would like to thank you — my fellow shareholders — for your continued support for the work we are doing. The Adtalem community is working to deliver transformative academic outcomes and financial returns, and we truly appreciate your confidence in this mission.

Lisa W Wardell

Lisa W. Wardell
Chairman of the Board, President & CEO

Notice of Annual Meeting of Shareholders

DATE AND TIME
November 6, 2019
8:00 a.m. Mountain Standard Time

PLACE
Pointe Hilton
Tapatio Cliffs Resort
11111 North 7th Street
Phoenix, Arizona 85020

RECORD DATE
September 17, 2019

ITEMS OF BUSINESS

	Board Voting Recommendation
Proposal No. 1: Elect the directors named in the attached Proxy Statement to serve until the 2020 Annual Meeting of Shareholders	**FOR** each director nominee
Proposal No. 2: Ratify selection of PricewaterhouseCoopers LLP as independent registered public accounting firm	**FOR**
Proposal No. 3: Say-on-pay: Advisory vote to approve the compensation of our named executive officers	**FOR**
Proposal No. 4: Approve the Adtalem Global Education Inc. 2019 Employee Stock Purchase Plan	**FOR**

Shareholders will also consider such other business as may come properly before the Annual Meeting or any adjournment thereof.

This notice and Proxy Statement, voting instructions, and Adtalem Global Education Inc.'s 2019 Annual Report to Shareholders are being mailed to shareholders beginning on or about October 4, 2019.

Stephen W. Beard
Chief Operating Officer, General Counsel and Corporate Secretary

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET
Visit the web site listed on your proxy card

BY TELEPHONE
Call the telephone number on your proxy card

BY MAIL
Sign, date and return your proxy card in the enclosed envelope

IN PERSON
Attend the Annual Meeting in Phoenix, Arizona For directions: https://www.tapatiocliffshilton.com/hotel-location/

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on November 6, 2019. Our Proxy Statement and the Adtalem Global Education Inc. Annual Report for 2019 are available online at www.proxyvote.com or at our investor relations website, http://investors.adtalem.com/.

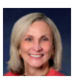
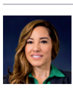
Proxy Summary

This summary highlights selected information about the items to be voted on at the annual meeting. It does not contain all of the information that you should consider in deciding how to vote. You should read the entire proxy statement carefully before voting.

OUR BOARD OF DIRECTORS

Director Nominees

Diverse mix of backgrounds, current and former CEOs and a former finance executive at a leading global company

	Name and Principal Occupation	Age	Director Since	Other Public Company Boards	Committee Memberships				
					ACA	AUD	COM	ER	NG
	**Steven M. Altschuler, M.D.** INDEPENDENT Managing Director, Healthcare Ventures, at Ziff Capital Partners	65	2018	2					
	**William W. Burke**[(1)] LEAD INDEPENDENT DIRECTOR President and Founder, Austin Highlands Advisors, LLC	60	2017	1					
	**Donna J. Hrinak** INDEPENDENT Corporate Vice President, The Boeing Company President, Boeing Latin America	68	2018						
	**Georgette Kiser** INDEPENDENT Managing Director and Chief Information Officer, The Carlyle Group	51	2018	2					
	**Lyle Logan** INDEPENDENT Executive Vice President and Managing Director, The Northern Trust Company	60	2007	1					
	**Michael W. Malafronte** INDEPENDENT Managing Partner, International Value Advisers, LLC and President, IVA Funds	45	2016						
	**Lisa W. Wardell**[(2)] Chairman of the Board, President and CEO, Adtalem Global Education	50	2008	1					
	**James D. White**[(3)] INDEPENDENT Retired Board Chair, CEO and President Jamba, Inc.	58	2015	1					

Academic Quality Committee | Audit and Finance Committee | Nominating & Governance Committee | Compensation Committee | External Relations Committee | Audit Committee Financial Expert | Committee Chair

(1) Appointed as Lead Independent Director effective as of July 16, 2019

(2) Appointed as Chairman of the Board on July 16, 2019

(3) Served as Chairman of the Board through July 16, 2019

Board Highlights

BOARD INDEPENDENCE

Independent

Not Independent

87.5%

of our current directors are independent, including our lead independent director ("Lead Independent Director"), each of our five committees are composed entirely of independent directors, and our CEO is the only member of management who serves as a director

TENURE

Less than 3 years	3 to 8 years	Over 8 years	Average Tenure
■■■■	■■	■■	4 years

AGE

Under 50	50 to 60	61 to 72	Average Age
■	■■■■■	■■	57.1 years

BOARD DIVERSITY

Female

Minority

Lived and Worked Outside of U.S.

SKILLS AND EXPERIENCE

Skill	
Senior Executive	8/8
Strategy	8/8
Governance	6/8
M&A/Joint Ventures	4/8
Healthcare and Medical	3/8
Human Capital Management	4/8
Financial Reporting	3/8
Compensation	5/8

CORPORATE GOVERNANCE HIGHLIGHTS

Shareholder Engagement

We conduct regular outreach and engagement with our shareholders and value their insight and feedback. Although our 2018 say-on-pay vote received majority shareholder approval, our Board of Directors ("Board") and management team were disappointed to have not received the robust shareholder support we have enjoyed in the past. During the past 12 months, we have actively sought to understand what actions we could take to address shareholder concerns.

OUR OUTREACH

We reached out to our shareholders representing approximately **80% of shares owned**.

We contacted shareholders representing more than **80%** of shares owned.

We met with shareholders representing more than **40%** of shares owned

OUR PARTICIPANTS

To ensure access to key roles in Adtalem's corporate governance and the executive compensation planning process, participants varied per call and included:

- The Chairman of our Compensation Committee
- Our Vice President of Investor Relations
- Our Senior Vice President of Human Resources
- Our Chief Operating Officer, General Counsel and Corporate Secretary

What We Heard, and What We Have Done in Response

What We Heard	What We Have Done	When Effective	Learn More
Questions about the design of our performance share units (PSUs)	Changed our PSU design to base calculations solely on average performance over three years	Started with PSUs granted in August 2019 (fiscal year 2020)	Page 39
Questions about the fiscal year 2018 equity grant to our CEO	Did not grant additional equity to our CEO in fiscal year 2019, as promised	Fiscal year 2019	Page 51
	Enhanced our disclosure regarding the fiscal year 2018 equity grant	This proxy statement	Page 51
Questions about our CEO's individual performance goals under our Management Incentive Plan ("MIP")	Enhanced our disclosure regarding our CEO's individual performance goals	This proxy statement	Page 48

Recent Enhancements

Our Board continually monitors best practices in corporate governance and, consistent with feedback from shareholders and other stakeholders, has taken the following actions in recent years:

2019
- Appointed a Lead Independent Director when our CEO was appointed as our Chairman of the Board
- Enhanced our proxy statement to focus on disclosures in key areas of investor interest
- Increased stock ownership requirements for our Chief Operating Officer and other executive officers

2018
- Broadened our shareholder outreach program and increased Board involvement

2017
- Adopted proxy access (3%, 3 years, group up to 20 shareholders, greater of 2 directors or 20%)
- Amended By-laws to provide for majority voting with plurality carve out for contested elections
- Approved Director resignation requirement upon change of principal job responsibilities
- Added a Lead Independent Director requirement when our Chairman of the Board is not independent
- Adopted outside Board service limits

2016
- Established policy allowing shareholders owning 25% of our outstanding Common Stock to call a special meeting

2015
- Declassified Board
- Did not renew shareholder rights plan

Ongoing Best Practices

BOARD COMMITTEES

- We have five Board committees – Academic Quality, Audit and Finance, Compensation, External Relations, and Nominating & Governance
- The Chair of each committee, in consultation with the committee members, determines the frequency and length of committee meetings
- Our Board and each of its committees are authorized to retain independent advisors at Adtalem's expense

DIRECTOR STOCK OWNERSHIP

- 60% of our non-employee directors' annual compensation (excluding fees for other additional roles) is in the form of restricted stock units ("RSUs")
- Our non-employee directors (other than those who are affiliated with our shareholders) are subject to a policy requiring their ownership of shares with a value equal to or in excess of three times their annual retainer

CONTINUOUS IMPROVEMENT

- New directors receive a tailored, two-day, live training program about Adtalem and its institutions from management
- Our directors are encouraged to participate in director-oriented training programs
- The Board annually undergoes a self-assessment process to critically evaluate its performance at a committee and Board level

COMMUNICATION

- Our Board promotes open and frank discussions with senior management
- Our directors have access to all members of management

EXECUTIVE COMPENSATION HIGHLIGHTS

- Strong linkage of pay to individual, institutional and financial performance
- Balanced compensation program aligning performance to interests of shareholders, students and other stakeholders

Our Compensation Framework

2017, 2018 AND 2019 COMPENSATION SNAPSHOT

		Objective	Time Horizon	Performance Measures	Additional Explanation
Salary (cash)		Reflect experience, market competition and scope of responsibilities		Assessment of performance in prior year	
Annual Incentive (cash)	MIP	Short-term operational business priorities	1 year	• Revenue* • Earnings Per Share • Individual Goals	NEW For 2019, individual goals for institutional leaders are 100% focused on performance measures relating to the institutions they lead.
Long Term Incentive ("LTI") (equity)	**Stock Options**	Reward stock price growth and retain key talent	4 year ratable	Stock price growth	• Granted in 2019, 2018 and 2017 (other than CEO in 2019) • Represents 40% of NEO LTI**
	RSUs	Align interests of management and shareholders, and retain key talent			• Granted in 2019, 2018 and 2017 (other than CEO in 2019 and 2018) • Represents 20-30% of NEO LTI**
	ROIC PSUs	Reward achievement of multi-year financial goals, align interests of management and shareholders, and retain key talent	3 year	• Return on invested capital ("ROIC") • Stock price growth	• Granted in 2019, 2018 and 2017 (other than CEO in 2019) • Represents 30-40% of NEO LTI** • FCF PSUs granted only in 2019 • Mission-based PSUs: granted in 2018 and 2017
	NEW **FCF PSUs**			• Free cash flow ("FCF") per share • Stock Price Growth	
	DISCONTINUED Mission-Based PSUs			• Student Outcomes • Stock Price Growth • ***Vest only if 10% EBITDA margin achieved***	

* A portion of the MIP payout for our named executive officers ("NEOs") who are executive leaders of business segments and business units is also based on the revenue and operating income at such executive's business segment or business unit.

** In 2018, Ms. Wardell received 50% of her NEO LTI in the form of stock options. In 2018, Mr. Patel, as Group President of Financial Services, received no stock options and his NEO LTI consisted of 50% RSUs, including a new hire grant, and 50% PSUs, divided into 60% PSUs with financial targets relating to Financial Services segment performance and 40% ROIC PSUs.

CEO COMPENSATION

Our CEO did not receive an equity award grant in 2019. The CEO's 2018 LTI award was "front-loaded" and intended to include the award value for both 2018 and 2019. On an annualized basis, the 2018 LTI award represented approximately 69% and 67% of the CEO's pay for 2018 and 2019, respectively.

SUSTAINABILITY AND COMMUNITY RELATIONS

Adtalem is committed to a holistic approach to our communities, providing quality learning and working opportunities, caring for the places where we operate, and conducting our business in a transparent and responsible manner. We advanced our environmental, social and governance ("ESG") strategy during fiscal year 2019, and remained steadfastly focused on our overarching philosophy of stewardship.

ADTALEM GLOBAL EDUCATION SUSTAINABILITY STRATEGY

"Adtalem's ESG practices support our purpose – to empower students to achieve their goals, find success and make inspiring contributions to our global community. Adtalem aims to empower and enhance the communities in which we teach, learn and work by operating sustainably, maintaining responsible governance standards and supporting our global community."

Environmental Practices

This was a year of enhancing our environmental activities by advancing efforts to use resources wisely including energy use, emissions reduction and reducing our consumption of plastic and paper products.

Social Practices

Our TEACH values—Teamwork, Energy, Accountability, Community and Heart—shape how we work together to fulfill our promise to students, members and each other. We joined the Historically Black Colleges and Universities ("HBCU") Challenge of the Congressional Black Caucus, to invest in creating strategic collaborations with HBCUs and work to increase diversity in key workforce sectors.

Governance Practices

Adtalem is committed to the highest standards of corporate conduct, and we pride ourselves on our governance standards and transparency. We adopted additional practices under the Association of Governing Boards standards for the boards for our four Title IV-participating institutions including digital board books, standard meeting sequences and quarterly agenda checklists.

Community Investment

We contribute to the well-being of local communities through support of philanthropic organizations and student, faculty and employee volunteer efforts. Through the Adtalem Global Education Foundation and our additional corporate giving efforts, Adtalem's total fiscal year 2019 community investment equaled $910,750.

Community Engagement

Our team is passionate about giving back to the communities in which we work, live and teach, and to helping those in need. Around the world this year, we collectively used our skills and volunteered our time providing healthcare and dental services, supporting the fight against human trafficking, and hosting hands-on medical career experience programs for high school students. Additionally, during the Adtalem Month of Service, Chicagoland employees stepped out of the office and volunteered more than 1,000 hours at various community organizations, including public schools and local food pantries.

Empower Scholarship Fund

The Empower Scholarship Fund increased its total dollars and number of recipients by awarding $703,000 in scholarships to 325 students. The fund strives to help keep education within reach by providing financial support to qualifying students. Established in 2000, the fund provides scholarships (restricted and unrestricted) to current students, especially those with the greatest need who have established a successful academic track record.

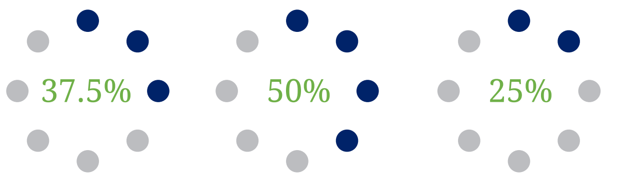
DIVERSITY AND INCLUSION

At Adtalem, we are committed to driving diversity at the top and creating an inclusive culture throughout the organization. To us, diversity and inclusion needs to be intentional to be impactful. We don't just welcome differences, we celebrate them. In fact, we believe bringing together diverse teams and innovative ideas is the best way to serve our diverse students and members, and we work collaboratively, committed to the idea that inclusion leads to innovation and high performance.

BOARD DATA

The composition of our Board reflects our intentional approach to diversity.

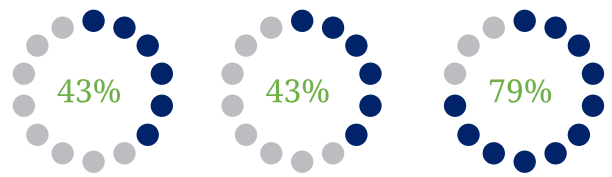
Female | **Minority** | **Lived and Worked Outside the U.S.**



LEADERSHIP DATA

The Adtalem senior leadership team is nearly 80% diverse when considering gender and ethnicity.

Female | **Minority** | **Combined Gender/minority**



EMPLOYEE DATA

Our employee base in the U.S. is predominantly female and includes a stronger minority representation than the U.S. labor force. Globally, our employee base is approximately half female.

Female
77.7%

Minority
38%

STUDENT DATA

The student population at our Title IV institutions is similarly diverse in gender and ethnicity.

Female
84.6%

Minority
38.1%

Please note: Adtalem colleague diversity metrics are for U.S. employees only. Board data is as of October 3, 2019; all other data is as of June 30, 2019 and represents those who chose to report. Student data is for fall 2018 enrollment at Adtalem's Title IV institutions.

Table of Contents

PROPOSAL NO. 1

Election of Directors

Following the resignation of Ann Weaver Hart as a director effective August 28, 2019, the size of the Board was reduced to eight directors. The Board has nominated all of Adtalem's eight sitting directors and recommends their re-election, each for a term to expire in 2020. All of the nominees have consented to serve as directors if elected at the Annual Meeting.

It is intended that all shares represented by a proxy in the accompanying form will be voted for the election of each of Steven M. Altschuler, M.D., William W. Burke, Donna J. Hrinak, Georgette Kiser, Lyle Logan, Michael W. Malafronte, Lisa W. Wardell and James D. White as directors unless otherwise specified in such proxy. A proxy cannot be voted for more than eight persons. In the event that a nominee becomes unable to serve as a director, the proxy committee will vote for the substitute nominee that the Board designates. The Board has no reason to believe that the nominees will become unavailable for election.

Each nominee for election as a director is listed below, along with a brief statement of his or her current principal occupation, business experience and other information, including directorships in other public companies held as of the date of this Proxy Statement or within the previous five years. Under the heading "Relevant Experience," we describe briefly the particular experience, qualifications, attributes or skills that led to the conclusion that these nominees should serve on the Board. As explained below under the caption "Director Nominating Process," the Nominating & Governance Committee looks at the Board as a whole, attempting to ensure that it possesses the characteristics that the Board believes important to effective governance.

Approval by Shareholders

The election of each of the eight nominees for director listed below requires the affirmative vote of a majority of the shares of Common Stock of Adtalem represented at the Annual Meeting. Adtalem maintains a majority voting standard for uncontested elections (where the number of nominees is the same as the number of directors to be elected), so for a nominee to be elected as a member of the Board, the nominee must receive the affirmative vote of a majority of the shares of Common Stock of Adtalem represented at the Annual Meeting. Shareholders may not cumulate their votes in the election of directors. If a nominee for re-election fails to receive the requisite majority vote where the election is uncontested, such director must promptly tender his or her resignation to Adtalem's Chairman, CEO and President or Adtalem's Chief Operating Officer, General Counsel and Corporate Secretary, subject to acceptance by the Board.

Unless otherwise indicated on the proxy, the shares will be voted **FOR** each of the nominees identified above.

The Board of Directors recommends a vote **FOR** each of the nominees identified above.

BOARD COMPOSITION

Director Nominees

Steven M. Altschuler, M.D., Independent

Managing Director, Healthcare Ventures, Ziff Capital Partners

Age: **65**
Director since: **2018**

Committees:
Academic Quality (Chair)
Audit and Finance

Career Highlights

Dr. Altschuler has been a director of Adtalem since May 2018. Since 2018, Dr. Altschuler has served as Managing Director, Healthcare Ventures at Ziff Capital Partners. Dr. Altschuler is the former Executive Vice President for Health Affairs at the University of Miami and Chief Executive Officer of UHealth – the University of Miami Health System (2016-2017). At the University of Miami, he led the transformation of the UHealth clinical delivery system into a CMS, Perspective Payment System exempt unified academic medical center under a single state license. He also led the transformation of the academic enterprise to create new patient oriented Translational Institutes and a new research model based around Core Science Institutes.

Previously, Dr. Altschuler served as CEO for The Children's Hospital of Philadelphia ("CHOP") from 2000 to 2015. He led CHOP's transformation from a traditional academic medical center and specialty hospital to a world leader in pediatric health care, research, education and advocacy for children. Under his leadership, CHOP experienced the largest growth since its founding in 1855, building a care network that provides primary, specialty and urgent care at more than 50 locations in the greater Philadelphia area. He retired from CHOP in 2015.

Dr. Altschuler completed a pediatric internship and residency at Children's Hospital Medical Center in Boston and completed a fellowship in gastroenterology and nutrition at CHOP. He also served as a faculty member and Chair of the Department of Pediatrics at the Perelman School of Medicine at the University of Pennsylvania prior to becoming CEO of CHOP.

Dr. Altschuler received his MD and bachelor's degree in Mathematics from Case Western Reserve University.

Board Service

Dr. Altschuler is currently a director on the board of directors of Weight Watchers International, Inc. (NASDAQ: WW), where he serves on the audit committee and the compensation and benefits committee. He is also on the board of Spark Therapeutics, Inc. (NASDAQ: ONCE), a leading gene therapy company created to develop and commercialize the preclinical and clinical programs advanced at CHOP and other institutions. He serves on the Spark Therapeutics, Inc. audit and compliance committee, compensation committee and nominating and corporate governance committee. Dr. Altschuler previously served on the board of directors of Mead Johnson Nutrition Co., a company specializing in pediatric nutrition (acquired by Reckitt Benckiser Group PLC in 2017).

Relevant Experience

Mr. Altschuler's comprehensive, first-hand knowledge of technology, business and medical education matters at the senior strategic level adds valuable experience to the Board.

William W. Burke, Lead Independent Director

President and Founder, Austin Highlands Advisors, LLC

Age: **60**
Director since: **2017**

Committees:
Audit and Finance (Chair)
Compensation

Career Highlights

Mr. Burke has been a director of Adtalem since January 2017. He has served as our Lead Independent Director since July 2019. Since November 2015, Mr. Burke has served as President of Austin Highlands Advisors, LLC, a provider of corporate advisory services. He served as Executive Vice President & Chief Financial Officer of IDEV Technologies, a peripheral vascular devices company, from November 2009 until the company was acquired by Abbott Laboratories in August 2013. From August 2004 to December 2007, he served as Executive Vice President & Chief Financial Officer of ReAble Therapeutics, a diversified orthopedic device company which was sold to The Blackstone Group in a going private transaction in 2006 and subsequently merged with DJO Incorporated in November 2007. Mr. Burke remained with ReAble Therapeutics until June 2008. From 2001 to 2004, he served as Chief Financial Officer of Cholestech Corporation, a medical diagnostic products company.

Mr. Burke received his bachelor's degree in Finance from The University of Texas at Austin and an MBA from The Wharton School of the University of Pennsylvania.

Board Service

Mr. Burke has served on numerous public and private company boards including serving as a lead independent director. He has served on the board of Tactile Systems Technology, Inc. (Nasdaq: TCMD) since 2015 and serves on its audit committee and compensation and organization committee. He previously served on the board of Invuity, Inc. (acquired by Stryker Corp. in 2018), LDR Holding Corporation (acquired by Zimmer Biomet in July 2016) and Medical Action Industries (acquired by Owens & Minor in October 2014).

Relevant Experience

Mr. Burke's experience as a senior executive and board member of multiple public companies, and his extensive understanding of financing, acquisition and operating strategy, enhances the Board's capabilities from both a strategic and governance perspective.

Donna J. Hrinak, Independent

Vice President, Boeing International
President, Boeing Latin America

Age: **68**
Director since: **2018**

Committees:
Academic Quality
Audit and Finance

Career Highlights

Ms. Hrinak has been a director of Adtalem since October 2018. As President of Boeing Latin America, Ms. Hrinak opened Boeing's first three offices in the region and oversees all aspects of operations, from commercial and defense product sales to research and technology. She came to Boeing from her role as Vice President Global Public Policy and Governmental Affairs/Vice President for Public Policy at PepsiCo and also held a role at Kraft Foods, where she managed the Latin American and European Corporate Affairs teams. Prior to that, she served as a Senior Counselor for Trade and Competition at the law firm of Steel Hector & Davis and held a role with the strategic advisory firm of Kissinger McLarty Associates.

Before entering the private sector, Ms. Hrinak was a career officer in the U.S. Foreign Service, and served as U.S. Ambassador in Brazil, Venezuela, Bolivia and the Dominican Republic, as well as Deputy Assistant Secretary in the State Department.

She holds a bachelor's degree in Multidisciplinary Social Science from Michigan State University and also attended The George Washington University and the University of Notre Dame School of Law.

Relevant Experience

Ms. Hrinak's extensive experience at the senior level in both the public and private sector overseeing complex multi-cultural organizations brings insight to the Board directly applicable to the organization's international scope.

Georgette Kiser, Independent

Operating Executive, The Carlyle Group

Age: **51**
Director since: **2018**

Committees:
External Relations
Nominating & Governance

Career Highlights

Ms. Kiser has been a director of Adtalem since May 2018. She is an Operating Executive at The Carlyle Group where she is advising across the firm and in particular, the firm's Global Technology and Solutions organization and previously served as Managing Director and Chief Information Officer. Prior to her role at The Carlyle Group, she was in various executive roles at T. Rowe Price from 1996 to 2015, including Vice President and Head of Enterprise Solutions and Capabilities. She was a Senior Systems Analyst at United States Fidelity and Growth Insurance Information Systems from 1995 to 1996. She was a consultant and Software Engineer at Martin Marietta Management Data Systems from 1993 to 1995, and a Software Design Engineer in the Aerospace Division of the General Electric Company from 1989 to 1993.

She received a bachelor's degree in mathematics with a concentration in computer science from the University of Maryland, a M.S. in mathematics from Villanova University, and an MBA from the University of Baltimore.

Board Service

Starting in 2019, Ms. Kiser has served on the boards of Aflac (NYSE: AFL), a leading supplemental insurer, and Jacobs (NYSE: JEC), a leading, global professional services company. She serves on the compensation committee for Aflac and the compensation committee and nominating and corporate governance committee for Jacobs.

Relevant Experience

Ms. Kiser's experience in information technology at the senior leadership level in organizations with an international reach brings expertise to Adtalem which will enhance both the Board's oversight of the Business and Law vertical as well as Adtalem's internal technology matters.

Lyle Logan, Independent

Executive Vice President and Managing Director, The Northern Trust Company

Age: **60**
Director since: **2007**

Committees:
External Relations (Chair)
Compensation

Career Highlights

Mr. Logan has been a director of Adtalem since November 2007. Mr. Logan has been Executive Vice President and Managing Director, Global Financial Institutions Group of The Northern Trust Company since 2009. He previously served as Senior Vice President and Head of Chicago Private Banking within the Personal Financial Services business unit of The Northern Trust Company from 2000 to 2005. Prior to 2000, he was Senior Vice President in the Private Bank and Domestic Portfolio Management Group at Bank of America.

Mr. Logan received his bachelor's degree in accounting and economics from Florida A&M University and his master's degree in finance from the University of Chicago Graduate School of Business.

Board Service

Mr. Logan has served as a director of Heidrick & Struggles International Inc. (Nasdaq: HSII), an international executive search firm, since 2015. In addition to being the lead independent director at Heidrick & Struggles International Inc., he also serves on its audit and finance committee and nominating and board governance committee.

Relevant Experience

Mr. Logan's experience in senior leadership positions with leading banking and investment management organizations adds perspective and an understanding of global investment markets to the Board's consideration of finance and investment management matters.

Michael W. Malafronte, Independent

Managing Partner, International Value Advisers and President of IVA Funds

Age: **45**
Director since: **2016**

Committees:
Compensation (Chair)
Audit and Finance
Nominating & Governance

Career Highlights

Mr. Malafronte has been a director of Adtalem since June 2016. Mr. Malafronte is a Founding Partner of International Value Advisers, LLC ("IVA") and serves as Managing Partner. He is responsible for overseeing all aspects of IVA, including company strategy and managing resources. He also serves as President of IVA Funds. Prior to founding IVA in 2007, Mr. Malafronte was a Senior Vice President at Arnhold and S. Bleichroeder Advisers, LLC where he worked for two years as a senior analyst for the First Eagle Funds, owned by Arnhold & S. Bleichroeder Advisers, LLC. There he worked under Charles de Vaulx and Jean-Marie Eveillard within the Global Value Group for the value funds, including the First Eagle Overseas, Global, U.S. Value Funds as well as the offshore funds, inclusive of the Sofire Fund Ltd. Similarly, he was responsible for covering the oil and gas, media, real estate, financial services and retail industries on a global basis, as well as companies within the United Kingdom, Germany, and Japan. Moreover, Mr. Malafronte was responsible for covering the larger names within the portfolio such as Pargesa Holdings, ConocoPhillips, Petroleo Brasileiro, SK Corp., News Corp., Dow Jones and Comcast.

Prior to the First Eagle Funds, Mr. Malafronte worked for nine years as a Portfolio Manager at Oppenheimer & Close, a dually-registered broker dealer and investment adviser; an adviser on three domestic hedge funds, one offshore partnership and a registered investment adviser and broker dealer. While at Oppenheimer & Close, Mr. Malafronte assisted in the launch of a domestic hedge fund in 1996 and an offshore partnership in 1998. Mr. Malafronte was responsible for all facets of portfolio management for the investment partnerships, including idea generation, in-depth research and stock selection. In addition to that, he was also responsible for hiring and training both operations staff and research analysts.

Mr. Malafronte earned his bachelor's degree in Finance from Babson College.

Board Service

Mr. Malafronte currently serves as a director of IVA Fiduciary Trust. Mr. Malafronte previously served on the boards of two publicly traded companies: Bresler & Reiner Inc. (2002-2008) and Century Realty Trust (2005-2006).

Relevant Experience

Mr. Malafronte's experience as a financial analyst covering institutions globally, and as a founder of a global investment firm, provides the Board with a firm understanding of Adtalem's shareholders' perspective and deeply informs Adtalem's financial planning.

Lisa W. Wardell, Chief Executive Officer

Chairman of the Board, President and CEO, Adtalem Global Education

Age: **50**
Director since: **2008**

Career Highlights

Ms. Wardell has been a director of Adtalem since November 2008 and was appointed as the President and CEO of Adtalem in 2016 and Chairman of the Board on July 16, 2019. Ms. Wardell was previously the Executive Vice President and Chief Operating Officer of The RLJ Companies ("RLJ"), a diversified holding company with portfolio companies in the financial services, asset management, real estate, hospitality, media and entertainment, and gaming industries for 12 years. In her role at RLJ, Ms. Wardell closed $40 million in automotive dealership acquisitions and served as the Executive Vice President of RML Automotive, the 19th largest automotive dealership group in the U.S., and served on the Board of Naylor, Inc., an RLJ Equity Partners' portfolio company. In addition, Ms. Wardell served as the primary RLJ fundraiser for a $610 million money management fund and managed a hotel development project in West Africa. In 2010, Ms. Wardell served as the Chief Financial Officer of a special purpose acquisition company that formed RLJ Entertainment, Inc., where she subsequently served as a director. Prior to joining RLJ, Ms. Wardell was a Principal at Katalyst Venture Partners, a private equity firm that invested in start-up technology companies in the media and communications industries from 1999 to 2003. From 1998 to 1999, Ms. Wardell worked as a senior consultant for Accenture, a global management consulting, technology services and outsourcing company. From 1994 to 1996, Ms. Wardell was an attorney with the Federal Communications Commission where she worked in the commercial wireless division.

Ms. Wardell received her undergraduate bachelor's degree in political science and African studies from Vassar College, her J.D. degree from Stanford University, and her master's degree in finance and entrepreneurial management from The Wharton School of Business at the University of Pennsylvania.

Among numerous recognitions, she was recently selected by Black Enterprise magazine as one of the "300 Most Powerful Executives in Corporate America" (2017) and has been featured on Savoy Magazine's™ Power 300: Most Influential Black Corporate Directors list (2017 and 2016). Ms. Wardell is often featured for her strategic insights by media outlets, including Bloomberg, Fortune, Politico, Investor's Business Daily, Inside Higher Ed and the Chronicle of Higher Education, among others.

Board Service

In addition to her work at Adtalem, Ms. Wardell serves on the board for Lowe's Companies, Inc. (NYSE: LOW), a Fortune 50 home improvement company, since 2018; THINK450, the innovation engine of the National Basketball Players Association, supporting NBA players and their development away from the game, since 2018; and Global Citizen, a nonprofit organization engaging individuals to take action towards ending extreme poverty. She is also a member of The Business Council, the Executive Leadership Council, CEO Action for Diversity and Inclusion and the Fortune CEO Initiative. Ms. Wardell served on the board of directors of Christopher and Banks, Inc. from 2011 to 2017. She also served as a director of RLJ Entertainment, Inc. from 2012 to 2015.

Relevant Experience

Ms. Wardell's role as CEO of Adtalem, which gives her deep and current knowledge of Adtalem's academic and business operations and strategy, makes her an essential member of the Board. Additionally, her experience as a senior business executive in private equity, operations and strategy and financial analysis, including mergers and acquisitions, together with her previous experience with a federal regulatory agency, give her important perspectives on the issues that come before the Board. These include business, strategic, financial and regulatory matters.

James D. White, Independent

Retired Chairman, CEO and President, Jamba, Inc.

Age: **58**
Director since: **2015**

Committees:
Nominating & Governance (Chair)
Academic Quality

Career Highlights

Mr. White has been a director of Adtalem since June 2015. In 2016, he retired from his role as Board Chair, President and CEO of Jamba, Inc., where he successfully led the company turnaround and the transformation of Jamba Juice from a made-to-order smoothie shop to a healthy active lifestyle brand with over 850 retail locations globally. Prior to Jamba, Inc., Mr. White served as Senior Vice President of Consumer Brands at Safeway, Inc. from 2005 to 2008. Prior to Safeway, Mr. White served as Senior Vice President of Business Development, North America at the Gillette Company from 2002 to 2005. He also served in executive positions at Nestle Purina from 1987 to 2005, including Vice President, Customer Interface Group from 1999 to 2002. Mr. White began his career at the Coca-Cola Company.

Mr. White received his MBA from Fontbonne University and holds a bachelor's of science degree from the University of Missouri, Columbia and was a 2018 Fellow in Stanford's Distinguished Careers Institute.

Board Service

Mr. White currently serves on the board of The Simple Goods Foods Company (Nasdaq: SMPL), a food company, since 2019. He previously served as board chair of Jamba, Inc. from December 2008 until January 2016. He was a director of Daymon Worldwide, Inc. from February 2010 until March 2017 and was appointed as board chair in 2016. He served on the board of Panera Bread from January 2016 until July 2017. Mr. White also served on the board of CallidusCloud from 2016 to 2018, and on the board of Hillshire Brands Company and Keane Inc. He currently serves on the board of Panera Bread Company (a subsidiary of JAB Holdings), a private restaurant company, and Schnucks Markets, Inc., a private grocery company.

Relevant Experience

Mr. White brings to the Board a background in marketing and strategic planning, gained in senior business leadership roles with Jamba, Inc., Safeway, Inc. and The Gillette Company, Inc. His global leadership experience also adds important perspectives to matters that come before the Board.

DIRECTOR NOMINATING PROCESS

The Nominating & Governance Committee is responsible for making recommendations of nominees for directors to the Board. The Nominating & Governance Committee's goal is to put before our shareholders candidates who, with the incumbent directors, will constitute a board that has the characteristics necessary to provide effective oversight for the growing, complex, global educational operations of Adtalem and reflects the broad spectrum of students that Adtalem serves. The Nominating & Governance Committee seeks a diversity of thought, background, experience and other characteristics in its candidates. To this end, Adtalem's Governance Principles provide that nominees are to be selected on the basis of, among other things, knowledge, experience, skills, expertise, diversity, personal and professional integrity, business judgment, time availability in light of other commitments, absence of conflicts of interest and such other relevant factors that the Nominating & Governance Committee considers appropriate in the context of the interests of Adtalem, its Board and its shareholders.

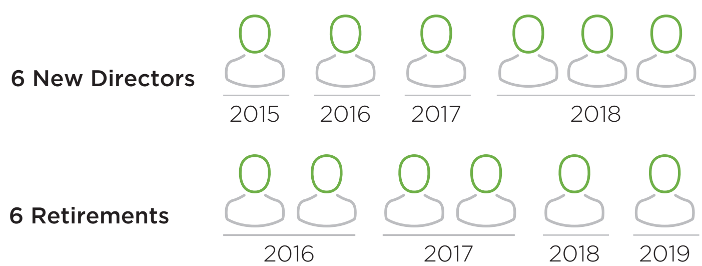
BOARD SUCCESSION PLANNING

We are committed to ensuring that our Board represents the right balance of experience, tenure, independence, age and diversity. Additionally, our Governance Principles provide that a director is required to retire from our Board when he or she reaches the age of 72, although on the recommendation of the Nominating & Governance Committee, our Board may waive this requirement if a waiver is in the best interests of Adtalem. Over the last five years, our Nominating & Governance Committee has led the gradual transformation of our Board, with six of our eight directors joining the Board since 2015.

When considering nominees, the Nominating & Governance Committee seeks to ensure that the Board as a whole possesses, and individual members possess at least two of, the following characteristics or expertise in the following areas:

- Leadership
- Strategic vision
- Business judgment
- Management experience
- Experience as a CEO or similar function
- Experience as a CFO or accounting and finance expertise
- Industry knowledge
- Healthcare, medical and related education and services
- Education sector and accreditation
- Mergers, acquisitions, joint ventures and strategic alliances
- Public policy experience, particularly in higher education
- Regulatory experience
- Human capital management and/or compensation expertise
- Global markets and international experience
- Corporate governance

BOARD REFRESHMENT



ANNUAL PROCESS FOR NOMINATION

1 **Identify Candidates**
- Directors
- Management
- Shareholders
- Independent Search Firm

2 **Nominating & Governance Committee Review**
- Review qualifications
- Consider diversity
- Examine Board composition and balance
- Review independence and potential conflicts
- Meet with potential nominees

3 **Recommend Slate**

4 **Full Board Review and Nomination**

5 **Shareholder Review and Election**

The Nominating & Governance Committee has implemented this policy by evaluating each prospective director nominee as well as each incumbent director on the criteria described above, and in the context of the composition of the full Board, to determine whether she or he should be nominated to stand for election or re-election. In screening director nominees, the Nominating & Governance Committee also reviews potential conflicts of interest, including interlocking directorships and substantial business, civic, and social relationships with other members of the Board that could impair the prospective nominee's ability to act independently.

IDENTIFICATION AND CONSIDERATION OF NEW NOMINEES

In identifying potential nominees and determining which nominees to recommend to the Board, the Nominating & Governance Committee has retained the advisory services of Heidrick & Struggles, an international executive search firm. In connection with each vacancy, the Nominating & Governance Committee develops a specific set of ideal characteristics for the vacant director position. The Nominating & Governance Committee looks at director candidates that it has identified and any identified by shareholders on an equal basis using these characteristics and the general considerations identified above.

SHAREHOLDER NOMINATIONS

The Nominating & Governance Committee will not only consider nominees that it identifies, but will consider nominees submitted by shareholders in accordance with the advance notice process for shareholder nominations identified in the By-Laws. Under this process, all shareholder nominees must be submitted in writing to the attention of Adtalem's Chief Operating Officer, General Counsel and Corporate Secretary, 500 West Monroe Street, Chicago, IL 60661, not less than 90 days prior to the anniversary of the immediately preceding annual meeting of shareholders. As a result, a shareholder nomination must be submitted by August 7, 2020. Such shareholder's notice shall be signed by the shareholder of record who intends to make the nomination (or his duly authorized proxy) and shall also include, among other things, the following information:

- the name and address, as they appear on Adtalem's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the nomination is made;
- the number of shares of Adtalem's Common Stock which are beneficially owned by such shareholder or beneficial owner or owners;
- a representation that such shareholder is a holder of record entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination;
- the name and residence address of the person or persons to be nominated;
- a description of all arrangements or understandings between such shareholder or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by such shareholder;
- such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would otherwise be required to be disclosed, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board; and
- the written consent of each nominee to be named in a proxy statement and to serve as a director if so elected.

In addition to candidates submitted through this advance notice By-Law process for shareholder nominations, shareholders may also request that a director nominee be included in Adtalem's proxy materials in accordance with the proxy access provision in the By-Laws. Any shareholder or group of up to 20 shareholders holding both investment and voting rights to at least 3% of Adtalem's outstanding Common Stock continuously for at least three years may nominate the greater of (i) two or (ii) 20% of the Adtalem directors to be elected at an annual meeting of shareholders. Such requests must be received not less than 120 days nor more than 150 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. As a result, any notice given by or on behalf of a shareholder pursuant to these provisions of the bylaws (and not pursuant to Rule 14a-18 of the Exchange Act) must be received no earlier than June 9, 2020 and no later than July 9, 2020. However, if we hold our 2020 Annual Meeting of Shareholders more than 30 days from the first anniversary of this year's Annual Meeting, then in order for notice by the shareholder to be timely, such notice must be received not later than the close of business on the tenth day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs.

In addition to candidates submitted through these By-Law process for shareholder nominations, shareholders may also recommend candidates by following the procedures set forth below under the caption "Communications with Directors."

Director Independence

The Board annually reviews the continuing independence of Adtalem's non-employee directors under applicable laws and rules of the New York Stock Exchange ("NYSE"). The Board, excluding any director who is the subject of an evaluation, reviews and evaluates director transactions or relationships with Adtalem, including the results of any investigation, and makes a determination with respect to whether a conflict or violation exists or will exist or whether a director's independence is or would be impaired.

The Board has considered whether each director has any material relationship with Adtalem (either directly or as a partner, shareholder or officer of an organization that has a relationship with Adtalem) and has otherwise complied with the requirements for independence under the applicable listing standards of the NYSE.

As a result of this review, the Board affirmatively determined that, with the exception of Ms. Wardell, all of Adtalem's current directors, and all of Adtalem's former directors who served as a director during fiscal year 2019, are "independent" of Adtalem and its management within the meaning of the applicable NYSE rules. Ms. Wardell is considered an inside director because of her employment as President and CEO of Adtalem.

The Board considered the relationship between Adtalem and The Northern Trust Company, a wholly-owned subsidiary of Northern Trust Corporation. Adtalem maintains depository accounts with The Northern Trust Company and conducts a significant portion of its disbursement activity through these accounts. Mr. Logan, one of our directors, is Executive Vice President and Managing Director, Global Financial Institutions Group, with Northern Trust Global Investments, a business unit of The Northern Trust Company. In fiscal year 2019, Adtalem incurred approximately $250,000 in fees to The Northern Trust Company, which were partially offset against compensating balance credits earned on an average monthly outstanding balance of approximately $16.0 million. The Board concluded, after considering (i) that the relationship with The Northern Trust Company predates Mr. Logan joining the Board, (ii) that Mr. Logan has had no involvement in the Adtalem banking transactions, (iii) the lack of materiality of the transactions to Adtalem and to The Northern Trust Company, and (iv) the fact that the terms of the transactions are not preferential either to Adtalem or to The Northern Trust Company, that the relationship is not a material one for purposes of the NYSE listing standards and would not influence Mr. Logan's actions or decisions as a director of Adtalem.

BOARD STRUCTURE AND OPERATIONS

Summary of Board and Committee Structure

Adtalem's Board held 7 meetings during fiscal year 2019, consisting of 4 regular meetings and 3 special meetings. Currently, the Board has five standing committees: Academic Quality, Audit and Finance, Compensation, External Relations, and Nominating & Governance. The following table identifies each standing committee, its members and chairs, its key responsibilities and the number of meetings held during fiscal year 2019. Current copies of the charters of each of these committees, a current copy of Adtalem's Governance Principles, and a current copy of Adtalem's Code of Conduct and Ethics can be found on Adtalem's website, www.adtalem.com, and are also available in print to any shareholder upon request from Adtalem's Chief Operating Officer, General Counsel and Corporate Secretary, 500 West Monroe Street, Chicago, IL 60661. The Board has determined that each of the members of the Audit and Finance, Compensation, and Nominating & Governance committees is independent within the meaning of applicable laws and NYSE listing standards in effect at the time of determination.

Academic Quality Committee

Members	Meetings in fiscal year 2019
Steven M. Altschuler, M.D. (Chair)* Donna J. Hrinak James D. White	4

* Ann Weaver Hart served as Chair during fiscal year 2019.

Key Responsibilities

- Supports improvement in academic quality and assures that the academic perspective is heard and represented at the highest policy-setting level and incorporated in all of Adtalem's activities and operations
- Reviews the academic programs, policies and practices of Adtalem's institutions
- Evaluates the academic quality and assessment process and evaluates curriculum and programs

Audit and Finance Committee

Members	Meetings in fiscal year 2019	Report
William W. Burke (Chair) Steven M. Altschuler, M.D. Donna J. Hrinak Michael W. Malafronte	9	Page 33

Key Responsibilities

- Monitors Adtalem's financial reporting processes, including its internal control systems and the scope, approach and results of audits
- Selects and evaluates Adtalem's independent registered public accounting firm, subject to ratification by the shareholders
- Reviews and recommends to the Board Adtalem's financing policies and actions related to investment, capital structure and financing strategies
- Reviews and approves any potential related party transactions

The Board has determined that Mr. Burke is qualified as an audit committee financial expert.

Compensation Committee

Members	Meetings in fiscal year 2019	Report
Michael W. Malafronte (Chair) William W. Burke Lyle Logan	5	Page 58

Key Responsibilities

- Oversees all compensation practices and reviews eligibility criteria and award guidelines for Adtalem's compensation program
- Reviews and approves, following discussions with the other independent members of the Board, CEO annual goals and objectives
- Evaluates the CEO's performance against established annual goals and objectives
- Recommends CEO compensation to the other independent members of the Board for approval
- Reviews and approves recommendations made by the CEO for executive officers, including base salary, annual incentive and equity compensation
- Approves all LTI grants delivered in the form of options
- Reviews and recommends to the Board compensation paid to non-employee directors

External Relations Committee

Members*	Meetings in fiscal year 2019
Lyle Logan (Chair) Georgette Kiser	4

* Ann Weaver Hart also served on this committee during fiscal year 2019.

Key Responsibilities

- Provides awareness and oversight of Adtalem's external relations strategy, policy and practice
- Monitors, analyzes and effectively manages legislative and regulatory policy trends, issues and risks
- Develops recommendations to the Board with regard to formulating and adopting policies, programs and communications strategy related to legislative, regulatory and reputational risk
- Oversees risks and exposures related to higher education public policy, as well as compliance with laws, regulations applicable to Adtalem

Nominating & Governance Committee

Members*	Meetings in fiscal year 2019
James D. White (Chair) Georgette Kiser Michael W. Malafronte	4

* Ann Weaver Hart also served on this committee during fiscal year 2019.

Key Responsibilities

- Reviews Board and committee structure and leads the Board self-evaluation process
- Assesses Board needs and periodically conducts director searches and recruiting to ensure appropriate Board composition
- Recommends candidates for nomination as directors to the Board
- Oversees and conducts planning for CEO and director succession and potential related risks
- Recommends governance policies and procedures

Board Leadership Structure

Pursuant to our Governance Principles, the Board believes that it should be free to make its selection of the Chairman of the Board and the CEO in the way that it deems best for Adtalem and its shareholders at any given point of time. In order to ensure continued Board independence, the Board has adopted a policy that, in the event the Chairman of the Board and CEO roles are combined, or the Chairman of the Board is not otherwise independent, the Board shall appoint a Lead Independent Director. In July 2019, the Board elected Lisa Wardell, who has served on our Board since November 2008 and as our President and CEO since May 2016, as Chairman of the Board. In accordance with our Governance Principles, the Board concurrently appointed William Burke to serve as our Lead Independent Director. In evaluating the Board's leadership structure, the Board considered the relevant merits of combining the roles of Chairman of the Board and Chief Executive Officer and appointing a strong Lead Independent Director, compared with keeping the roles of Chairman of the Board and CEO separate. The Board concluded that Ms. Wardell was the person best suited to serve as Chairman of the Board at this time, providing consistent leadership, alignment between the Board and management and a unified voice for Adtalem as it continues its transformation to a leading workforce solutions provider. In addition, the Board reaffirmed its commitment to independent board leadership by appointing Mr. Burke as our Lead Independent Director. Prior to Ms. Wardell's appointment as our Chairman of the Board, during fiscal year 2019, James White, an independent director, served as Chairman of the Board. During fiscal year 2019, the Board met in executive session without employee directors or other employees present at each regular Board meeting. Mr. White, as Adtalem's non-executive Chairman of the Board, presided over these sessions.

In furtherance of our Board's role in overall strategy and succession planning, our Lead Independent Director actively engages with our Chairman/CEO on such matters. In addition, our Governance Principles provide that the Lead Independent Director:

- sets the agenda for, calls meeting of and leads executive sessions of the independent directors and reports to the Chairman of the Board, as appropriate, concerning such meetings;
- acts as a liaison between the Chairman of the Board and the independent directors;
- advises the Chairman of the Board as to the quality, quantity and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties;
- when appropriate, makes recommendations to the Chairman of the Board about calling full meetings of the Board;
- serves as a resource to consult with the Chairman of the Board and other Board members on corporate governance practices and policies and assumes the primary leadership role in addressing issues of this nature if, under the circumstances, it is inappropriate for the Chairman of the Board to assume such leadership; and
- performs such other duties as requested by the Board or Nominating & Governance Committee and as set forth in the Governance Principles.

OUR LEAD INDEPENDENT DIRECTOR

During his career, Mr. Burke has served in executive leadership roles at several companies and, during his service on multiple public company boards, has served as a lead independent director, audit committee chairman and compensation committee chairman. Mr. Burke also continues to serve as Chair of our Audit and Finance Committee.

Director Attendance

During fiscal year 2019, our Board met seven (7) times. Each of Adtalem's directors attended at least 85% of the meetings of the Board and Board committees on which they served that occurred during their respective time of service on the Board in fiscal year 2019.

All of our directors who were directors at the time were present at the 2018 Annual Meeting of Shareholders, held in November 2018. Our Board encourages all of its members to attend the Annual Meetings but understands there may be situations that prevent such attendance.

Director Continuing Education

Members of the Board are encouraged to participate in continuing education and enrichment classes and seminars. During fiscal year 2019, the following directors attended the following classes and seminars: (i) Mr. Burke, a Board Leadership Fellow with the National Association of Corporate Directors ("NACD") attended NACD's conferences on (a) Dealing with Disruption: Board Agility and Resilience in a VUCA World and (b) Innovation from Within; and attended training hosted by Carnegie Mellon University on, and received a CERT certificate in, Cybersecurity Oversight; (ii) Ms. Kiser attended Corporate Board Compensation Committee training by Mercer; (iii) Ms. Wardell completed a NACD Board Leadership Master Fellowship recertification program; and (iv) Mr. White attended and was a panelist at (a) the Stanford Directors College and (b) the Directors Academy NextGen Directors Program.

Board Self-Evaluation

Each year our Board undertakes a self-evaluation process to critically evaluate its performance. Additionally, each committee conducts a self-evaluation to monitor its performance and effectiveness. Results of the evaluations are summarized and discussed at Board and committee meetings.

KEY BOARD RESPONSIBILITIES

Strategic Oversight

The Board has an active role in our overall strategies. The Board actively reviews and provides guidance on Adtalem's long-term strategies and annual operating plan. Management reports its progress in executing on Adtalem's strategies and operating plan throughout the year. In addition, throughout the year, segment leadership will report to the Board regarding individual segment strategies and operating plans. The Board also periodically reviews and provides oversight to management on Adtalem's ESG strategy.

Risk Oversight

Adtalem's full Board is responsible for assessing major risks facing Adtalem and overseeing management's plans and actions directed toward the mitigation and/or elimination of such risk. The Board has assigned specific elements of the oversight of risk management of Adtalem to committees of the Board, as summarized below. Each committee meets periodically with members of management and, in some cases, with outside advisors regarding the matters described below and, in turn, reports to the full Board at least after each regular meeting regarding any findings.

Board/Committee	Primary Areas of Risk Oversight
Full Board	• Reputation • Legal and regulatory compliance and ethical business practices • Strategic planning • Major organizational actions • Education public policy
Academic Quality Committee	• Academic quality • Accreditation • Curriculum development and delivery • Student persistence • Student outcomes
Audit and Finance Committee	• Accounting and disclosure practices • Information technology • Cybersecurity • Financial controls • Risk management policies and procedures • Legal and regulatory compliance, including compliance and ethics program • Related party transactions • Capital structure • Investments • Foreign exchange
Compensation Committee	• Compensation practices • Talent development • Retention • Management succession planning
External Relations Committee	• Accreditation • Higher education public policy • Compliance with laws and regulations applicable to Adtalem
Nominating & Governance Committee	• Corporate and institutional governance structures and processes • Board composition and function • Board and Chairman of the Board succession

Succession Planning and Human Capital Management

The Board recognizes that one of its most important duties is to ensure continuity in Adtalem's senior leadership by overseeing the retention and development of executive talent and planning for the effective succession of our CEO and the executive leadership team. In order to ensure that the succession planning and leadership development process supports and enhances our long-term strategic objectives, the Board periodically consults with our CEO and Senior Vice President of Human Resources on Adtalem's business goals, the skills and experience necessary to help Adtalem achieve those goals, our organizational needs, our leadership pipeline, the succession plans for critical leadership positions and our talent development and leadership initiatives. Talent and leadership development, including succession planning, is a top priority of our CEO and the senior executive team. Our CEO seeks input from members of our Board regarding candidates for executive positions and other key roles.

Sustainability

We recognize that ESG practices and goals are at the forefront of our shareholders' minds because our approach to these areas can provide insight into our corporate behavior, long-term performance and sustainability. Our ESG practices support our purpose - to empower students to achieve their goals, find success and make inspiring contributions to our global community. We aim to empower and enhance the communities in which we teach, learn and work by operating sustainably, maintaining responsible governance standards, and supporting our global community. We continue to measure our performance and set new goals in areas including academic and policy standards; diversity and inclusion of Adtalem suppliers; and energy and waste reduction programs.

Outreach and Engagement

We value the opinions of our shareholders and believe regular, proactive communications with our shareholders to be in the long-term best interests of Adtalem. Our investor communications and outreach include annual investor day meetings, investor conferences and quarterly conference calls. These calls are open to the public and are available live and as archived webcasts on our website. Additionally, we reach out at least annually to our largest shareholders to invite feedback. We hold individual calls with shareholders who accept our invitation to allow for open, meaningful discussions. We share any feedback received from our shareholders with our Board.

COMMUNICATIONS WITH DIRECTORS

Shareholders and other interested parties wishing to communicate with the Board, our Lead Independent Director, or any member or committee of the Board are encouraged to send any communication to our Chief Operating Officer, General Counsel and Corporate Secretary, Adtalem Global Education Inc., 500 West Monroe Street, Chicago, IL 60661 and should prominently indicate on the outside of the envelope that it is intended for the Board, the independent directors as a group, or a committee or an individual member of the Board. Any such communication must be in writing, must set forth the name and address of the shareholder (and the name and address of the beneficial owner, if different), and must state the form of stock ownership and the number of shares beneficially owned by the shareholder making the communication. Adtalem's Chief Operating Officer, General Counsel and Corporate Secretary will compile and promptly forward all communications to the Board except for spam, junk mail, mass mailings, resumes or other forms of job inquiries, surveys, business solicitations or advertisements.

Communicating Accounting Complaints

Shareholders, Adtalem employees and other interested persons are encouraged to communicate or report any complaint or concern regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of Adtalem's Code of Conduct and Ethics (collectively, "Accounting Complaints") to the General Counsel of Adtalem at the following address:

Chief Operating Officer, General Counsel and Corporate Secretary
Adtalem Global Education
500 West Monroe Street
Chicago, IL 60661

Accounting Complaints also may be submitted in a sealed envelope addressed to the Chair of the Audit and Finance Committee, in care of the General Counsel, at the address indicated above, and labeled with a legend such as: "To Be Opened Only by the Audit and Finance Committee." Any person making such a submission who would like to discuss an Accounting Complaint with the Audit and Finance Committee should indicate this in the submission and should include a telephone number at which he or she may be contacted if the Audit and Finance Committee deems it appropriate.

Adtalem employees may also report Accounting Complaints using any of the reporting procedures specified in Adtalem's Code of Conduct and Ethics. All reports by employees shall be treated confidentially and may be made anonymously. Adtalem will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of his or her employment based upon any lawful actions taken by such employee with respect to the good faith submission of Accounting Complaints.

BOARD PRACTICES AND POLICIES

Certain Relationships and Related Person Transactions

It is Adtalem's policy that the Audit and Finance Committee review, approve or ratify all related party transactions in which Adtalem participates and in which any related person has a direct or indirect material interest and the transaction involves or is expected to involve payments of $120,000 or more in the aggregate per fiscal year. Our legal staff is primarily responsible for gathering information from the directors and executive officers, including annual questionnaires completed by all our directors, director nominees and executive officers. The Audit and Finance Committee will review the relevant facts and circumstances of all related party transactions, including whether the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related party's interest in the transaction. No member of the Audit and Finance Committee may participate in any approval of a related party transaction to which he or she is a related party.

Various Adtalem policies and procedures, including the Code of Conduct and Ethics, which applies to Adtalem's directors, officers and all other employees, and annual questionnaires completed by all Adtalem directors, director nominees and executive officers, require disclosure of related person transactions or relationships that may constitute conflicts of interest or otherwise require disclosure under applicable Securities and Exchange Commission ("SEC") rules.

There were no related party transactions in fiscal year 2019 that required approval under our policies and procedures or the rules and regulations of the SEC.

Governance Principles/Code of Ethics

Our Board has adopted Governance Principles that set forth expectations for directors, director qualifications, director retirement, director independence standards, board committee structure and functions and other policies for Adtalem's governance. We have adopted a Code of Conduct and Ethics applicable to all colleagues including directors, officers, and full- and part-time colleagues and faculty of Adtalem Global Education Inc. and its subsidiaries. These documents are available on Adtalem's website at https://www.adtalem.com/about-us/organizational-governance.html. Any amendments or waivers of the Code of Conduct and Ethics will be disclosed at this website address.

DIRECTOR COMPENSATION

The director compensation program was reviewed in the second half of fiscal year 2018, and the annual retainer was increased to $85,000 starting in the fourth quarter of fiscal year 2018. In fiscal year 2019, non-employee directors, continued to receive an annual retainer of $85,000, paid quarterly. In fiscal year 2019, our non-executive Chairman of the Board received an additional annual retainer of $120,000, the Chair of the Audit and Finance Committee received an additional annual retainer of $22,500, the Chair of the Compensation Committee was entitled to receive an additional retainer of $17,500, and the chairs of each of the other committees received an additional annual retainer of $10,000 for their roles as committee chairs. During fiscal year 2020, Ms. Wardell, our Chairman of the Board, CEO and President, will not receive any additional compensation for her service as Chairman of the Board and Mr. Burke will receive an additional annual retainer of $35,000 for his service as Lead Independent Director. Directors were reimbursed for any reasonable and appropriate expenditures attendant to Board membership. Mr. Malafronte, who was originally appointed to the Board in 2016 pursuant to a Support Agreement, has declined all compensation for his service.

Under the Adtalem Nonqualified Deferred Compensation Plan, a director could elect to defer all or a portion of the cash retainer. Any amount so deferred is, at the director's election, valued as if invested in various investment choices made available by the Compensation Committee for this purpose, and is payable in cash installments, or as a lump-sum on or after termination of service as a director, or at a later date specified by the director. No non-employee directors deferred any portion of their compensation in fiscal year 2019.

As long-term incentive compensation for directors, each non-employee director received RSUs with an approximate value of $125,000 directly following the 2018 Annual Meeting of Shareholders. Each RSU represents the right to receive one share of Common Stock following the satisfaction of the vesting period. All RSUs granted in November 2018 vest upon the one-year anniversary of the grant date.

This table discloses all director compensation provided in fiscal year 2019 to the directors of Adtalem for their service as directors (other than Ms. Wardell who received no compensation for her service as a director and will receive no additional compensation as Chairman of the Board; Ms. Wardell's compensation as President and CEO is set forth in the Summary Compensation Table).

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Total ($)
Steven M. Altschuler, M.D.	85,000	124,969	209,969
William W. Burke	127,500[2]	124,969	252,469
Ann Weaver Hart[3]	95,000	124,969	219,969
Donna J. Hrinak[4]	63,750	124,969	188,719
Georgette Kiser	85,000	124,969	209,969
Lyle Logan	119,000[5]	124,969	243,969
Michael W. Malafronte	—	—	—
Ronald L. Taylor[6]	89,250[7]	—	89,250
James D. White	215,000	124,969	339,969

(1) The amounts reported in the Stock Awards column represent the grant date fair value of 2,230 RSUs granted on November 6, 2018 to each of the directors named above, computed in accordance with FASB ASC Topic 718. The assumptions made in determining the valuations of these awards can be found at Note 5: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2019. The number of RSUs granted to each of the directors named above was determined by dividing $125,000 by $56.04, which represents the fair market value of a share of Common Stock on the November 6, 2018 award date, and rounding to the nearest 10 shares.

(2) This amount includes $20,000 in cash Mr. Burke received as compensation for his services as a member of the board of trustees of an Adtalem institution.

(3) Ms. Hart resigned from the Board effective in August, 2019.

(4) Ms. Hrinak was appointed to the Board in October, 2018.

(5) This amount includes $24,000 in cash Mr. Logan received as compensation for his services as a member of the board of trustees of an Adtalem institution.

(6) Mr. Taylor chose not to stand for re-election at the November, 2018 Annual Meeting of Shareholders.

(7) This amount includes $68,000 in cash Mr. Taylor received as compensation for his services as a member of the board of trustees of an Adtalem institution.

The table below discloses the aggregate number of RSUs outstanding at June 30, 2019 for each non-employee director listed above.

Name	RSUs Outstanding (#)
Steven M. Altschuler, M.D.	2,230
William W. Burke	2,230
Ann Weaver Hart[1]	2,230
Donna J. Hrinak	2,230
Georgette Kiser	2,230
Lyle Logan	2,230
Michael W. Malafronte	—
Ronald L. Taylor[2]	—
James D. White	2,230

(1) Ms. Hart resigned as a director effective in August, 2019.

(2) Mr. Taylor chose not to stand for re-election at the November, 2018 Annual Meeting of Shareholders.

PROPOSAL NO. 2

Ratify Selection of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm

Subject to shareholder ratification, the Audit and Finance Committee of the Board has reappointed PricewaterhouseCoopers LLP ("PwC"), as independent registered public accounting firm for Adtalem and its subsidiaries for fiscal year 2020. The Board recommends to the shareholders that the selection of PwC as independent registered public accounting firm for Adtalem and its subsidiaries be ratified. If the shareholders do not ratify the selection of PwC, the selection of independent registered public accounting firm will be reconsidered by the Audit and Finance Committee. Representatives of PwC are expected to be present at the Annual Meeting with the opportunity to make a statement, if they desire to do so, and to be available to respond to appropriate questions from shareholders.

APPROVAL BY SHAREHOLDERS

Proposal No. 2 to ratify the selection of PwC as independent registered public accounting firm for Adtalem for fiscal year 2020 will require the affirmative vote of a majority of the shares of Common Stock of Adtalem represented at the Annual Meeting. Unless otherwise indicated on the proxy, the shares will be voted **FOR** ratification of the selection of PwC as independent registered public accounting firm for Adtalem for fiscal year 2020.

The Board of Directors recommends a vote **FOR** the ratification of the appointment of PwC as Adtalem's independent registered public accounting firm for fiscal year 2020.

SELECTION AND ENGAGEMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit and Finance Committee, at each of its regularly scheduled meetings, and on an interim basis as required, reviews all engagements of PwC for audit and all other services. Prior to the Audit and Finance Committee's consideration for approval, management provides the Audit and Finance Committee with a description of the reason for and nature of the services to be provided along with an estimate of the time required and approximate cost. Following such review, each proposed service is approved, modified or denied as appropriate. A record of all such approvals is maintained in the files of the Audit and Finance Committee for future reference. All services provided by PwC during the past two years were approved by the Audit and Finance Committee prior to their undertaking.

PRE-APPROVAL POLICIES

The Audit and Finance Committee has adopted a policy for approving all permitted audit, audit-related, tax and non-audit services to be provided by PwC in advance of the commencement of such services, except for those considered to be de minimis by law for non-audit services. Information regarding services performed by the independent registered public accounting firm under this de minimis exception is presented to the Audit and Finance Committee for information purposes at each of its meetings. There is no blanket pre-approval provision within this policy. For fiscal years 2018 and 2019, none of the services provided by PwC were provided pursuant to the de minimis exception to the pre-approval requirements contained in the applicable rules of the SEC. Audit and Finance Committee consideration and approval generally occurs at a regularly scheduled Audit and Finance Committee meeting. For projects that require an expedited decision because the independent registered public accounting firm should begin prior to the next regularly scheduled meeting, requests for approval may be circulated to the Audit and Finance Committee by mail, telephonically or by other means for its consideration and approval. When deemed necessary, the Audit and Finance Committee has delegated pre-approval authority to its Chair. Any engagement of the independent registered public accounting firm under this delegation will be presented for informational purposes to the full Audit and Finance Committee at their next meeting.

AUDIT FEES AND OTHER FEES

The Audit and Finance Committee appointed PwC as Adtalem's independent registered public accounting firm for the fiscal year ended June 30, 2019. Adtalem's shareholders ratified the engagement at the Annual Meeting of Shareholders on November 6, 2018. In addition to engaging PwC to audit the consolidated financial statements for Adtalem and its subsidiaries for the year and review the interim financial statements included in Adtalem's Quarterly Reports on Form 10-Q filed with the SEC, the Audit and Finance Committee also engaged PwC to provide various other audit and audit related services — e.g., auditing of Adtalem's compliance with student financial aid program regulations.

The Sarbanes-Oxley Act of 2002 prohibits an independent public accountant from providing certain non-audit services for an audit client. Adtalem engages various other professional service providers for these non-audit services as required. Other professional advisory and consulting service providers are engaged where the required technical expertise is specialized and cannot be economically provided by employee staffing. Such services include, from time to time, business and asset valuation studies, and services in the fields of law, human resources, information technology, employee benefits and tax structure and compliance.

Audit fees declined in 2019 as a result of the divestitures of DeVry University and Carrington College. Additionally, during fiscal year 2018, we incurred significant tax fees related to tax reform and tax planning that did not recur in fiscal year 2019. The aggregate amounts included in Adtalem's financial statements for fiscal year 2019 and 2018 for fees billed or to be billed by PwC for audit and other professional services, respectively, were as follows:

	Fiscal Year 2019	Fiscal Year 2018
Audit Fees	$3,256,546	$4,637,875
Audit-Related Fees	$ —	$ —
Tax Fees	$ 495,707	$1,115,000
All Other Fees	$ 18,000	$ 58,000
Total	$3,770,253	$5,810,875

AUDIT FEES — Includes all services performed to comply with generally accepted auditing standards in conjunction with the annual audit of Adtalem's financial statements and the audit of internal controls over financial reporting. In addition, this category includes fees for services in connection with Adtalem's statutory and regulatory filings, consents and review of filings with the SEC such as the annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Also included are services rendered in connection with the required annual audits of Adtalem's compliance with the rules and procedures promulgated for the administration of federal and state student financial aid programs.

AUDIT-RELATED FEES — No audit-related fees were billed to us by PwC for fiscal years 2018 and 2019.

TAX FEES — Includes all services related to tax compliance, tax planning, tax advice, assistance with tax audits and responding to requests from Adtalem's tax department regarding technical interpretations, applicable laws and regulations, and tax accounting. Adtalem's Audit and Finance Committee has considered the nature of these services and concluded that these services may be provided by the independent registered public accounting firm without impairing its independence.

ALL OTHER FEES — Includes subscriptions for online accounting research services, fees for access to disclosure checklist, fees to prepare a human resource benchmarking study, and fees for a Carrington College Federal Perkins Loan close-out audit.

AUDIT AND FINANCE COMMITTEE REPORT

To Our Shareholders:

The Audit and Finance Committee of Adtalem consists of four independent directors. The members of the Audit and Finance Committee meet the independence and financial literacy requirements of the NYSE and additional, heightened independence criteria applicable to members of the Audit and Finance Committee under SEC and NYSE rules. In fiscal year 2019, the Audit and Finance Committee held nine meetings. The Audit and Finance Committee has adopted, and annually reviews, a charter outlining the practices it follows. The charter conforms to the SEC's implementing regulations and to the NYSE listing standards.

Management is responsible for Adtalem's internal controls and the financial reporting process by which it prepares the financial statements. Adtalem's independent registered public accounting firm is responsible for performing an independent audit of the annual financial statements of Adtalem and expressing an opinion on those statements. The principal duties of the Audit and Finance Committee include:

- Monitoring Adtalem's financial reporting processes, including its internal control systems;
- Selecting Adtalem's independent registered public accounting firm, subject to ratification by the shareholders;
- Evaluating the independent registered public accounting firm's independence;
- Monitoring the scope, approach and results of the annual audits and quarterly reviews of financial statements and discussing the results of those audits and reviews with management and the independent registered public accounting firm;
- Overseeing the effectiveness of Adtalem's internal audit function and overall risk management processes;
- Discussing with management and the independent registered public accounting firm the nature and effectiveness of Adtalem's internal control systems; and
- Reviewing and recommending to the Board Adtalem's financing policies and actions related to investment, capital structure and financing strategies.

During fiscal year 2019, at each of its regularly scheduled meetings, the Audit and Finance Committee met with the senior members of the Adtalem's financial management team. Additionally, the Audit and Finance Committee had separate private sessions, on a quarterly basis, with Adtalem's independent registered public accounting firm, Adtalem's Chief Operating Officer, General Counsel and Corporate Secretary, Adtalem's Chief Financial Officer and Treasurer, and Adtalem's Senior Director, Internal Audit.

The Audit and Finance Committee is updated periodically on the process management uses to assess the adequacy of Adtalem's internal control systems over financial reporting, the framework used to make the assessment and management's conclusions on the effectiveness of Adtalem's internal controls over financial reporting. The Audit and Finance Committee also discusses with Adtalem's independent registered public accounting firm Adtalem's internal control assessment process, management's assessment with respect thereto and the evaluation by Adtalem's independent registered public accounting firm of its system of internal controls over financial reporting.

The Audit and Finance Committee annually evaluates the performance of Adtalem's independent registered public accounting firm, including the senior audit engagement team, and determines whether to reengage the current independent registered public accounting firm. As a threshold matter, the Audit and Finance Committee satisfies itself that the most recent Public Company Accounting Oversight Board ("PCAOB") inspection report pertaining to the current firm does not contain any information that would render inappropriate its continued service as Adtalem's independent public accountants, including consideration of the public portion of the report and discussion in general terms of the types of matters covered in the non-public portion of the report. The Audit and Finance Committee also considers the quality and efficiency of the previous services rendered by the current auditors and the auditors' technical expertise and knowledge of Adtalem's global operations and industry. Based on this evaluation, the Audit and Finance Committee decided to reengage, and recommend ratification of, PwC as Adtalem's independent registered public accounting firm for fiscal year 2020. The Audit and Finance Committee reviewed with members of Adtalem's senior management team and PwC the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and PwC of Adtalem's internal controls over financial reporting and the quality of Adtalem's financial reporting. Although the Audit and Finance Committee has the sole authority to appoint Adtalem's independent registered public accounting firm, the Audit and Finance Committee recommends that the Board ask the shareholders, at their annual meeting, to ratify the appointment of Adtalem's independent registered public accounting firm. With respect to Adtalem's audited financial statements for fiscal year 2019, the Audit and Finance Committee has:

- Reviewed and discussed the audited financial statements with management;
- Met with PwC, Adtalem's independent registered public accounting firm, and discussed the matters required to be discussed by the PCAOB; and
- Received the written disclosures and the letter from PwC required by the applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit and Finance Committee concerning independence, and has discussed its independence with PwC.

In reliance upon the Audit and Finance Committee's reviews and discussions with both management and PwC, management's representations and the report of PwC on Adtalem's audited financial statements, the Audit and Finance Committee recommended to the Board that the audited financial statements for the fiscal year ended June 30, 2019 be included in Adtalem's Annual Report on Form 10-K filed with the SEC.

In addition, the Audit and Finance Committee has re-appointed, subject to shareholder ratification, PwC as Adtalem's independent registered public accounting firm for fiscal year 2020.

This Audit and Finance Committee Report is not to be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or under the Exchange Act, except to the extent that Adtalem specifically incorporates this Audit and Finance Committee Report by reference, and is not otherwise to be deemed filed under such acts.

William W. Burke, Chair
Steven M. Altschuler, M.D.
Donna J. Hrinak
Michael W. Malafronte

PROPOSAL NO. 3

Say-on-pay: Advisory Vote to Approve the Compensation of Our Named Executive Officers

Pursuant to Section 14A of the Exchange Act, we are required to submit to shareholders a resolution subject to an advisory vote to approve the compensation of our NEOs. The current frequency of the advisory vote on executive compensation is annually, with the vote for the current year being taken pursuant to this Proposal No. 3. The next such vote will occur at Adtalem's 2020 Annual Meeting of Shareholders.

The Board encourages shareholders to carefully review the "Executive Compensation Tables" section of this Proxy Statement beginning on page 59 and the "Compensation Discussion & Analysis" beginning on page 36 for a thorough discussion of our compensation program for NEOs. The overall goals of our compensation program are to serve the essential purposes of the organization, which are to empower students to achieve their educational and career goals, and to maximize the long-term return to our stakeholders. We designed our program to:

- Align NEO compensation with academic, student outcome and financial objectives;
- Attract, motivate and retain high-quality executives; and
- Reward organizational and individual performance.

The key elements of our executive compensation program are:

- Annual base salary;
- Annual cash incentives under our MIP; and
- Long-term incentives.

Adtalem aims to provide total compensation to each NEO that is market-competitive, combining a stable base salary element with two at-risk elements (annual cash incentive awards and long-term incentive awards) available to be earned based upon individual and organizational performance. We believe this approach helps reinforce a culture of performance by recognizing individual potential and rewarding results. As part of our compensation philosophy, we believe we should provide our NEOs with total compensation opportunities that are competitive with other alternatives available to them in the marketplace and that a significant portion of each NEO's total compensation should be variable — with both upside potential and downside risk — depending upon the performance of Adtalem and of the individual. In addition, we believe we should maintain a clear, straightforward and transparent approach to our executive compensation program.

Accordingly, the following resolution is submitted for an advisory shareholder vote at the Annual Meeting:

RESOLVED, that the compensation paid to Adtalem's NEOs, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis, compensation tables and narrative discussion, is hereby approved.

APPROVAL BY SHAREHOLDERS

The approval of the compensation of Adtalem's NEOs will require the affirmative vote of a majority of the shares of Common Stock of Adtalem represented at the Annual Meeting. As this is an advisory vote, the result will not be binding on Adtalem, the Board or the Compensation Committee, although management, the Board and the Compensation Committee will carefully consider the outcome of the vote when evaluating our compensation program. Unless otherwise indicated on a shareholder's proxy, the shares will be voted **FOR** the approval of the compensation of Adtalem's NEOs.

The Board of Directors recommends a vote **FOR** the approval of the compensation of Adtalem's named executive officers.

COMPENSATION DISCUSSION & ANALYSIS

The following pages summarize our executive compensation program for our NEOs. Our 2019 NEOs are:

Lisa W. Wardell
Chairman of the Board, President and Chief Executive Officer

Patrick J. Unzicker
Former Senior Vice President, Chief Financial Officer and Treasurer

Stephen W. Beard
Chief Operating Officer, General Counsel and Corporate Secretary

Kathy Boden Holland
Group President, Medical and Healthcare Education

Mehul R. Patel
Group President, Financial Services

Executive Summary

Adtalem's executive compensation program is designed to reward leaders for delivering strong financial results and building shareholder value. We firmly believe that academic quality and a strong student-centric focus lead to growth and, therefore, we have incorporated measures into our executive compensation program to recognize leadership for their roles in improving student academic performance and outcomes.

This executive compensation program structure enables us to provide a competitive total compensation package while aligning our leaders' interests with those of our shareholders and other stakeholders. The following chart highlights key objectives behind the development, review and approval of our NEOs' compensation.

COMPENSATION OBJECTIVES

Our executive compensation program is designed to:

ALIGN INCENTIVES

Our purpose is to empower our students to achieve their goals, find success and make inspiring contributions to the global community. Success in realizing our purpose drives growth, which leads to creation of sustainable, long-term value for our shareholders. Our compensation program is distinguished by its alignment not only with our shareholders, but also with our students, whose success is critical to our organization's success.

COMPETE FOR TALENT

Our compensation program is designed to attract, retain and motivate high-performing employees, particularly our key executives who are critical to our operations. Our compensation decisions take into account the competitive landscape for talent.

REWARD PERFORMANCE

We reward outstanding performance through:

- A short-term incentive program focusing our executives on achieving strong financial results and superior academic and student outcomes, through individual performance objectives, and
- A long-term incentive program providing a mix of equity vehicles designed to reward long-term financial performance and shareholder value creation.

During fiscal year 2018, the Compensation Committee, in consultation with its independent advisor FW Cook, conducted a comprehensive review of the current executive compensation program and assessed the extent to which the current program was aligned with shareholder interests and maximized focus on the key strategic priorities as Adtalem moves forward. The Compensation Committee also considered shareholder feedback received through Adtalem's ongoing shareholder outreach efforts conducted over the last several years.

Based on this review, at the August 2018 meeting, the Compensation Committee approved certain changes to the design of our executive compensation program for fiscal year 2019 and forward, which are intended to:

- Enhance pay differentiation among executives for different levels of performance achieved;
- Provide more upside reward and downside risk for exceptional performance over time; and
- Incentivize and reward a thoughtful growth mentality.

1. Shifted Focus on Mission-Based Goals to Management Incentive Plan ("MIP")

The Compensation Committee decided to more effectively emphasize academic quality and academic student outcomes by shifting such measures from being a component of our PSU long-term incentives to the annual short-term MIP. The Compensation Committee believes the annual short-term MIP is the best compensation component to drive focus from year-to-year on these key performance measures. Considering how quickly academic standards and measurement mechanisms change, we believe the quality of goal setting on these academic measures will be stronger with the increased ability to understand and set expectations and appropriately elevate goals on an annual basis. The performance goals established each year are directly overseen by the Academic Quality Committee to ensure appropriate goals are set for each institution within Adtalem's portfolio. Starting in fiscal year 2019, the entirety of the 30% weighting on individual goals for each of our higher education institutional leaders is solely focused on these academic performance measures.

2. Introduction of Free Cash Flow ("FCF") per Share as Long-Term Incentive Measure

Starting with the August 2018 (fiscal 2019) grants, 50% of the PSU grants is based on FCF per share; the remaining 50% is based on three-year average return on invested capital ("ROIC"), consistent with prior PSU grants. The Compensation Committee believes these two performance measures create better alignment with shareholder interests and the appropriate long-term focus on sustainable value creation for the organization. The Compensation Committee and the organization believe that consistently strong academic quality and strong student outcomes drive the long-term success of the organization. In order to achieve the long-term financial goals associated with the PSUs, management must maintain high academic quality and strong student outcomes each year.

SUBSEQUENT SHAREHOLDER OUTREACH

We contacted shareholders representing more than **80%** of shares owned.

We met with shareholders representing more than **40%** of shares owned

To ensure access to key roles in Adtalem's corporate governance and the executive compensation planning process, participants varied per call and included:

- The Chairman of our Compensation Committee
- Our Vice President of Investor Relations
- Our Senior Vice President of Human Resources
- Our Chief Operating Officer, General Counsel and Corporate Secretary

Adtalem employs a proactive investor relations approach, involving management and the Board, with ongoing outreach and interactive dialogue with investors to seek input on topics including corporate governance, executive compensation, and strategy. Our goal is to provide transparency to ensure there is a clear understanding of our business and our operating and financial performance through one-on-one discussions, non-deal road shows, and investor conferences.

We value our shareholders' opinions on the design and effectiveness of our executive compensation program. Despite our ongoing engagement with shareholders and the Compensation Committee's best intentions for our executive compensation program to support our business strategy and strongly align with shareholders' interests, at our Annual Meeting of Shareholders in November 2018, only 55% of the votes cast in our advisory say-on-pay shareholder vote approved our executive compensation package. In response to the lower level of support for say-on-pay, the Compensation Committee led an extensive shareholder outreach initiative over the course of the past twelve months.

This outreach initiative was designed to assist our Compensation Committee in fully understanding the perspectives of our shareholders, including those that supported and those that did not support our say-on-pay vote in November 2018, with respect to executive compensation. During this engagement, we reached out to shareholders that collectively owned approximately 80% of our outstanding Common Stock and had discussions with shareholders owning more than 40% of our outstanding Common Stock. Given that Institutional Shareholder Services ("ISS") recommended an against vote on our say-on-pay advisory vote in November 2018, we also engaged ISS to better understand their vote recommendation policies and their comments on our program as highlighted in their report following our 2018 proxy statement. This effort supplemented the ongoing communications between our management and shareholders, as well as contact with shareholders prior to our 2018 annual meeting, through various engagement channels including in-person or telephonic meetings. We have continued our shareholder outreach efforts throughout fiscal year 2019 and into fiscal year 2020.

Present at these meetings was a mix of executive leadership, including representation from our Legal, Investor Relations and Human Resources functions, and in many cases, our Compensation Committee Chair, Michael Malafronte.

Shareholders that provided feedback were supportive of our overall compensation program design. The majority of the shareholders we met with were supportive of the metrics for the PSUs which include ROIC and FCF per share. Some of our shareholders suggested we consider relative metrics in the future, but no shareholder identified the PSU metrics as problematic. The majority of the shareholders who provided feedback were supportive of our current equity mix. Shareholders were positive about moving our academic metrics to the MIP. They were also supportive of our use of revenue and earnings per share as MIP performance measures.

While shareholders were generally favorable about the overall design of our compensation program, some of our shareholders expressed a desire to better understand the Compensation Committee's rationale behind the fiscal year 2018 two-year grant to our CEO and what impact one feature of our PSU design had over several years. During the course of these discussions, some shareholders suggested we provide more detail on our CEO's performance against her individual MIP objectives.

We have addressed these three themes below and throughout this disclosure and will continue to engage our shareholder base and consider our shareholders' feedback in our ongoing evaluation of the overall executive compensation program design:

What We Heard	How We Responded
Questions regarding the design feature of the PSUs that allowed for payout calculations to be based on the *greater of* the sum of individual annual performance or the average performance over three years	• Beginning with fiscal 2020 PSU grants (grants made in August 2019), payouts will be based solely on three-year average performance. • The design feature was intended to maintain the executive team's focus on results throughout the three-year period, regardless of performance in a single year. The payouts under the PSUs have never resulted in an increase greater than 7% as a result of this feature.
Questions regarding the two-year front-loaded long-term incentive award to our CEO in fiscal year 2018	• We have enhanced our disclosure under "CEO Long-Term Incentive Compensation" starting on page 51 of this proxy statement regarding the 2018 grant to our CEO. • We fulfilled our commitment not to grant any additional equity award to our CEO in fiscal 2019. Throughout this proxy statement, we have annualized the two-year grant to show that on a normalized basis, our CEO's compensation is in line with our peer group for both fiscal years 2018 and 2019. • Although we have no plans to make a similar grant in the future, our Compensation Committee has committed to conduct additional shareholder outreach prior to considering any such action in the future.
Questions about individual performance goals under our MIP	• We have enhanced our disclosure under "Fiscal Year 2019 MIP Decisions" starting on page 48 of this proxy statement regarding our CEO's performance against individual objectives to provide additional information to our shareholders regarding the decision-making process and rationale for the payout of the individual portion of the MIP for fiscal year 2019.

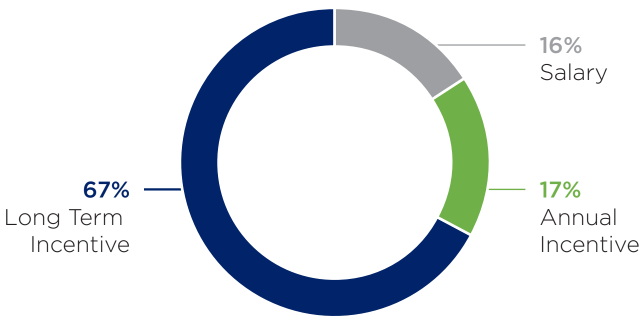
Shareholders have responded positively to these changes during our discussions.

Adtalem and the Compensation Committee will continue to engage its shareholder base in the future to understand shareholder concerns, particularly in connection with potential changes to its compensation or governance practices.

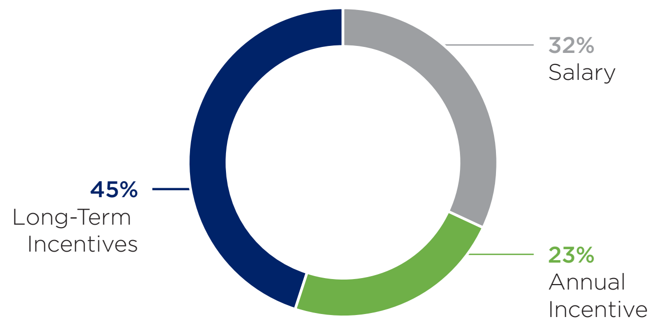
PAY-FOR-PERFORMANCE FOCUS

We use both short- and long-term incentives to reward NEOs for delivering strong business results, increasing shareholder value and improving student outcomes. With our pay-for-performance philosophy, an executive can earn in excess of target levels when his or her performance exceeds established objectives. And, if performance falls below established objectives, our incentive plans pay below target levels, which in some cases could be nothing at all.

CEO 2019 TARGET COMPENSATION MIX (WITH LTI NORMALIZED)[(1)(2)]



OTHER NEO 2019 TARGET COMPENSATION MIX[(1)]



(1) Excludes perquisites.

(2) In August 2018, a two-year, "front-loaded" LTI award was granted to the CEO consisting of approximately 50% in stock options and 50% in PSUs (25% focused on ROIC and 25% focused on academic outcomes). The Board, upon the recommendation and approval of the Compensation Committee, approved this grant to drive Ms. Wardell's focus on critically important academic and financial performance metrics over the next several years. This grant represents the totality of LTI that Ms. Wardell received over the course of fiscal year 2018 and fiscal year 2019. The graph above presents an annualized value of this award (i.e., 50%).

Program Design:

- The actual value realized from the annual MIP award can range from zero, if threshold performance targets are not met, to up to 200% of targeted amounts for exceptional organizational performance.
- Our long-term incentive program consists of equity-based awards whose value ultimately depends on our total shareholder return performance. A significant portion of the long-term component (50% for the CEO's fiscal 2018 front-loaded award and 30–40% of the other NEOs annual awards) is granted in the form of PSUs, the number of which are earned based on our three-year performance versus ROIC and FCF per share goals. If the minimum levels of performance are not met, no PSUs are earned; if the minimum levels of performance are met, payout can range from 50% to 150% of the target number of PSUs.

Performance Assessment: Our Compensation Committee uses a comprehensive, well-defined and rigorous process to assess organizational and individual performance. We believe the performance measures for our incentive plans focus management on the appropriate objectives for the creation of short- and long-term shareholder value as well as academic quality and organizational growth.

2019 COMPENSATION DECISIONS AND ACTIONS

Key Fiscal Year 2019 Compensation Decisions

BASE SALARY Page 44

Reflecting Adtalem's commitment to offering market competitive compensation to our key executives, the Compensation Committee approved salary increases for several NEOs to reward performance and maintain market competitiveness.

ANNUAL INCENTIVES Page 45

For fiscal year 2019 for the CEO, 85% of the MIP award was based on Adtalem's financial performance as reflected in earnings per share and revenue, reflecting our CEO's key responsibility in leading Adtalem's financial growth. The remaining 15% was based on individual performance. For fiscal year 2019 for the other NEOs, as in fiscal years 2017 and 2018, 70% of the MIP award was based on financial performance at Adtalem (earnings per share and revenue) or at the institutions for which the NEO is responsible (operating income and revenue), and the remaining 30% was based on individual performance.

Following the end of fiscal year 2019, the MIP award in total across all measures was paid at 98% of target for the CEO and between 101% and 110% of target for the other NEOs, reflecting the financial performance of Adtalem and its institutions and individual contributions for fiscal year 2019.

LONG-TERM INCENTIVES Page 49

In fiscal year 2019, NEOs other than the CEO received long-term incentive grants consisting of service-vesting stock options, performance-vesting PSUs, and service-vesting RSUs. As previously discussed, the CEO did not receive an equity award in fiscal year 2019.

Performance share awards granted in 2016 to Ms. Wardell and Mr. Unzicker, which included both financial and mission-based PSUs, vested in 2019. The financial-based PSUs were based on ROIC over a three-year period and based on our strong financial performance, vested with an overall payout of 118% of target. Mission-based PSUs, which are based on both absolute and relative academic goals at our various institutions, vested with an overall payout of 104% of target.

Factors Guiding our Decisions

- Executive compensation program objectives, philosophy and principles;
- Shareholder input, including say-on-pay vote;
- Adtalem's mission, vision, purpose and "TEACH" values;
- Market norms, trends and best pay practices;
- Financial performance of Adtalem and its individual institutions;
- Advice of independent outside compensation consultant; and
- Student academic performance and outcomes.

The following provides a more in-depth discussion of our performance in these areas that helped drive the Compensation Committee's evaluation of performance, and ultimately, compensation decisions for fiscal year 2019.

2019 Financial and Operational Highlights

Adtalem's fiscal year 2019 financial results reflect continued growth in its Medical and Healthcare and Financial Services segments, with revenue increasing 4.2% and 13.6%, respectively. Business and Law revenue decreased 16.6%, primarily due to headwinds in Brazil, including a delay in funding under the "Fundo de Financiamento Estudantil" or "Students Financing Fund" program and negative foreign currency exchange. Nonetheless, through substantial expense reduction initiatives, Adtalem achieved fiscal year 2019 earnings per share, excluding special items, of $2.84. See Appendix A for a reconciliation to reported results.

Significant progress was made in transforming Adtalem into a leading workforce solutions provider in fiscal 2019. We completed the divestitures of DeVry University and Carrington College, streamlined our three core verticals to support our enterprise growth strategy and expanded the financial services customer base through our acquisition of OnCourse Learning ("OCL").

The results of DeVry University and Carrington College are presented as discontinued operations within Adtalem's Annual Report on Form 10-K attached herein. Also see "Note 2: Discontinued Operations" to the consolidated financial statements for further discussion. On May 31, 2019, Adtalem completed the acquisition of 100% of the equity interests of OCL. DeVry University, Carrington College and OCL's revenue and operating income were not included in actual fiscal year 2019 results for MIP performance purposes. See Appendix A for a reconciliation to reported results.

While fiscal year 2019 revenue was below our expectations, earnings per share, excluding special items and OCL results, exceeded our expectations, each as reflected in our fiscal year 2019 operating plan, which served as the basis for our fiscal year 2019 MIP financial performance targets. As a result, the portions of executive officer MIP awards based on Adtalem revenue and earnings per share paid out at 81.6% and 115.9% of target, respectively.

FY 2019 REVENUE

FY 2019 EARNINGS PER SHARE

* Adjusted results adjusted to exclude impact of special items and the impact of the May 31, 2019 OCL acquisition. See Appendix A for a reconciliation to reported results.

EXECUTIVE COMPENSATION GOVERNANCE AND PRACTICES

WHAT WE DO

- ✔ Pay for economic and academic performance
- ✔ Solicit and value shareholder opinions about our compensation practices
- ✔ Deliver total direct compensation primarily through variable pay
- ✔ Set challenging short- and long-term incentive award goals
- ✔ Provide strong oversight that ensures adherence to incentive grant regulations and limits
- ✔ Maintain robust stock ownership requirements
- ✔ Adhere to an incentive compensation recoupment (clawback) policy
- ✔ Offer market-competitive benefits
- ✔ Consult with an independent advisor on executive pay practices, plan designs and assessing external competitive pay levels

WHAT WE DON'T DO

- ✖ Provide guaranteed salary increases
- ✖ Provide tax gross-ups
- ✖ Provide single-trigger change-in-control severance
- ✖ Re-price stock options or exchange underwater options for other awards or cash
- ✖ Pay dividends on unvested performance-based RSUs
- ✖ Provide excessive perquisites
- ✖ Offer a defined benefit pension or supplemental executive retirement plan
- ✖ Permit hedging or pledging of Adtalem Common Stock
- ✖ Reward executives without a link to performance

Executive Compensation

PRINCIPLES OF EXECUTIVE COMPENSATION

The Compensation Committee uses the following Principles of Executive Compensation to assess Adtalem's executive compensation program and to provide guidance to management on the Compensation Committee's expectations for the overall executive compensation structure:

Principle	Purpose
Stewardship/Sustainability	• Reinforce Adtalem's purpose and long-term vision • Motivate and reward sustained long-term growth in shareholder value • Uphold long-term interests of all stakeholders (including students, employees, employers, shareholders and taxpayers) • Focus on sustaining and enhancing the quality and outcomes of education programs • Promote continued differentiation and expansion of Adtalem's programs
Accountability	• Ensure financial interests and rewards are tied to executive's area of impact and responsibility (division, geography and function) • Require timing of performance periods to match timing of employee's impact and responsibility (short-, medium- and long-term) • Emphasize quality, service and academic and career results • Articulate well defined metrics, goals, ranges, limits and results • Motivate and reward achievement of strategic goals, with appropriate consequences for failure • Comply with all legislation and regulation
Alignment	• Promote commonality of interest with all stakeholders (including students, employees, employers, owners and taxpayers) • Reflect and reinforce Adtalem's values and culture • Promote commonality of interests across business units, geography and up, down and across chain of command • Provide a balance between short- and long-term performance
Engagement	• Attract and retain high quality talent and provide for organizational succession • Provide market competitive total compensation and benefits packages at all levels • Promote consistent employee development at all levels • Motivate urgency, creativity and dedication to Adtalem's purpose • Clearly communicate the link between pay and performance
Transparency	• Clear communication of compensation structure, rationale and outcomes to all employees and shareholders • Simple and understandable structure that is easy for internal and external parties to understand • Reasonable and logical relationship between pay at different levels • Based on systematic goals that are objective and clear, with appropriate level of discretion

2019 EXECUTIVE COMPENSATION FRAMEWORK

Adtalem's fiscal year 2019 incentive compensation program for executives was designed to link compensation performance with the full spectrum of our business goals, some of which are short-term, while others take several years or more to achieve:

COMPENSATION SNAPSHOT

		Objective	Time Horizon	Performance Measures	Additional Explanation
Salary (cash)		Reflect experience, market competition and scope of responsibilities		Assessment of performance in prior year	
Annual Incentive (cash)	MIP	Short-term operational business priorities	1 year	• Revenue* • Earnings Per Share • Individual Goals	NEW Starting in 2019, individual goals for institutional leaders are 100% focused on performance measures relating to the institutions they lead.
Long Term Incentive (equity)	**Stock Options**	Reward stock price growth and retain key talent	4 year ratable	Stock price growth	• No grant to CEO in 2019 • Represents 40% of NEO LTI
	RSUs	Align interests of management and shareholders, and retain key talent			• No grant to CEO in 2019 • Represents 20-30% of NEO LTI
	ROIC PSUs	Reward achievement of multi-year financial goals, align interests of management and shareholders, and retain key talent	3 year	• ROIC • Stock price growth	• No grant to CEO in 2019 • Represents 30-40% of NEO LTI
	NEW **FCF PSUs**			• FCF per share • Stock Price Growth	

* A portion of the MIP payout for executive leadership of business segments and business units is also based on the revenue and operating income at such executive's business segment or business unit.

ANALYSIS OF 2019 EXECUTIVE COMPENSATION

Annual Base Salary

Annual base salaries for NEOs are intended to reflect the scope of their responsibilities, the experience they bring to their roles, and the current market compensation for similar roles outside Adtalem. Once established, base salaries are reviewed annually to reflect the executive's prior performance and respond to changes in market conditions. The table below lists the seven criteria the Compensation Committee uses to determine changes to salary from one year to the next.

Base salary adjustments are made based on seven criteria:
1. Adtalem's overall financial performance compared to operating plan
2. Executive's performance against established individual goals and objectives
3. Executive's effectiveness in instilling a culture of academic quality, teamwork, student service and integrity
4. Executive's expected future contributions
5. Comparison to peer group and other available market data
6. Merit increase parameters set for all colleagues in the organization
7. Discretion based on interaction and observation through the year

Fiscal Year 2019 Base Salary Decisions

In August 2018, the Board, based on the Compensation Committee's recommendation in consultation with FW Cook increased the base salary of Ms. Wardell, Adtalem's President and CEO, by 8% for fiscal year 2019, bringing her salary to $1,100,000, effective September 2018 for fiscal year 2019. The increase was intended to ensure Ms. Wardell's compensation was competitive with compensation practices at Adtalem's peer companies and to reward her strong performance. The Compensation Committee wanted to recognize the CEO's successful recruitment of several key executives who were seen as pivotal for the transformation and growth of the organization; the successful negotiation of agreements to transition DeVry University and Carrington College to new owners; and her success in leading Adtalem through the recovery from the fall 2017 hurricanes that devastated the islands of Dominica and St. Maarten. Of particular note, the Compensation Committee wanted to recognize the CEO's pace, energy and drive in helping Adtalem navigate through a tumultuous period and set the stage for transformation and growth.

Based upon relevant, available market data and Ms. Wardell's assessment of each NEO's performance for the prior year, Ms. Wardell recommended to the Compensation Committee the annual base salary of each of the other NEOs at the outset of fiscal year 2019. Ms. Wardell's recommendations regarding the NEOs were made in consultation with the Senior Vice President of Human Resources and the Chief Financial Officer. These recommendations were based upon their experience with and analysis of the market at that time, their monitoring of the compensation levels at other organizations in Adtalem's market and Ms. Wardell's assessment of each NEO's performance for the prior year. Our CEO does not participate in discussions regarding her own compensation.

	FY2018	FY2019	Percent Change
Lisa W. Wardell	$1,015,000	$1,100,000	8%
Patrick J. Unzicker	$ 512,500	$ 525,313	2.5%
Stephen W. Beard[(1)]	$ 475,000	$ 546,250	13%
Kathy Boden Holland[(2)]	$ 575,000	$ 575,000	0%
Mehul R. Patel	$ 430,000	$ 447,200	4%

(1) Mr. Beard received a salary increase of 15% at the beginning of fiscal year 2019 as noted above; Mr. Beard was later promoted to Chief Operating Officer, in addition to continuing to serve as General Counsel and Corporate Secretary, and received a promotional increase in salary to $587,219 on January 9, 2019.

(2) Ms. Boden Holland was hired on May 9, 2018 and did not receive a salary increase for fiscal year 2019.

Annual Cash Incentive Compensation

The annual cash incentive, delivered through the MIP, provides NEOs with the opportunity to earn rewards based on the achievement of organizational and institutional performance, as well as, individual performance.

How The MIP Works

MIP target award opportunities for each NEO are set by the Compensation Committee based on factors including external surveys of practices for positions with similar levels of responsibility. These targets, which are expressed as a percentage of base salary, are then reviewed at the beginning of each fiscal year based on updated market compensation data.

The MIP provided Adtalem's CEO with a target award opportunity of 105% of base salary and other NEOs with a target award opportunity of 70% of base salary. For fiscal year 2019, the target award opportunity for Mr. Beard increased to 70% (from 60%). No other changes were made to the MIP target award opportunity as a percentage of base salary for the other NEOs.

Creating a Strong Link to Pay-for-Performance

We believe the MIP payouts made to our NEOs for fiscal year 2019 support our executive compensation objective of pay-for-performance by rewarding our NEOs to the extent they met or exceeded pre-established individual performance goals and financial performance goals related to the institutions they oversee.

Actual awards can be higher or lower than the target opportunity based on the results for each performance measure. Performance below the threshold for the goal will result in no payment for that performance goal. Performance at or above threshold can earn an award ranging from 50% to 200% of the target amount. The maximum amount of 200% of target rewards exceptional performance compared to expectations, over-delivery of strategic initiatives, and/or achievement of initiatives not contemplated at the time goals were set.

Actual earned awards are determined after the fiscal year has ended and audited financial results have been substantially completed (i.e., in the beginning of the next fiscal year). Thus, MIP awards for fiscal year 2019 were determined and paid in the early part of fiscal year 2020, after the results for the fiscal year ended June 30, 2019 were confirmed. The payout is based on specific Adtalem earnings per share, Adtalem revenue, institution operating income and institution revenue measures set by the Compensation Committee prior to the start of the year in which the performance is measured, in addition to individual performance.

In measuring performance, the Compensation Committee may adjust results for certain unusual, non-recurring or other items to ensure the MIP rewards true operational performance as it is perceived by investors and as consistently measured. Appendix A details the adjustments made in the last three fiscal years.

MIP Performance Measures

The Compensation Committee determined that Adtalem earnings per share and revenue, along with institution operating income and revenue, effectively balance top line revenue growth and bottom line profitability and results and are the most appropriate short-term metrics to support our business objectives.

In instances where an institution has not demonstrated performance commensurate with the potential award, the Compensation Committee may exercise negative discretion and reduce MIP payouts for individuals with oversight over the applicable institution. In the case of acquisitions, the Compensation Committee does not include revenue, and corresponding earnings per share or operating income, from acquisitions in their evaluation of achievement against targets unless such expected revenue, and corresponding earnings per share or operating income, had been factored into the performance target.

In addition to the actual results achieved, the Compensation Committee also considers individual performance over the course of that fiscal year for each NEO. Individual performance goals reflect functional results and/or institution performance appropriate for the executive, as well as academic outcomes, organizational strength and the advancement of Adtalem's core values. Individual performance goals are designed to drive initiatives that support Adtalem's strategy and further align leadership with Adtalem's student-focused purpose.

The relative percentages assigned to the measures for each NEO for fiscal year 2019 are as follows:

	Organizational, Institution and Individual Performance Measure Allocation				
	Adtalem Earnings Per Share	Adtalem Revenue	Institution Operating Income	Institution Revenue	Individual Performance
Lisa W. Wardell	45%	40%			15%
Patrick J. Unzicker	40%	30%			30%
Stephen W. Beard	40%	30%			30%
Kathy Boden Holland	20%	10%	25%	15%	30%
Mehul R. Patel	20%	10%	25%	15%	30%

2019 Performance Goals

Financial goals set for our MIP participants are derived from Adtalem's fiscal year operating plans, which are recommended by Adtalem's executive management team and approved by the Board at the beginning of each fiscal year. For fiscal year 2019, these plans translated to financial performance goals of $2.67 of earnings per share and revenue of $1,285.1 million.

The table below shows the threshold, target, and maximum goals for earnings per share and revenue under the fiscal 2019 MIP, the performance achieved, and the resulting payout.

	Plan					
Metric	Threshold	Target	Maximum	Actual Results (excluding special items)[(1)]	Performance Relative to Plan	Payout %
Adtalem Revenue	$1,156.59	$1,285.10	$1,542.12	$1,237.93	96.30%	81.60%
Adtalem Earnings Per Share	$ 2.14	$ 2.67	$ 3.74	$ 2.84	106.40%	115.90%

(1) See Appendix A for a reconciliation to reported results.

Performance below the threshold level results in no payout for that measure. Payout for performance between levels is interpolated, and payout is capped at 200% of target for each measure.

The fiscal year 2019 revenue target under the MIP was 4.4% higher than fiscal year 2018 actual results of $1,239.7 million (as restated from $1,715.5 million reported in last year's proxy to reflect the completed divestitures of DeVry University and Carrington College) which reflected expected growth in the Medical and Healthcare and Financial Services segments, offset by a decline in the Business and Law segment. The 2019 earnings per share target goal under MIP was set lower than 2018 actual results, due to expected lower operating margins driven by costs reallocated to continuing operations that were previously allocated to DeVry University and Carrington College and expected higher interest and taxes.

The focus in fiscal year 2019 was to align Adtalem's portfolio to be positioned for growth as a leading workforce solutions provider and to complete the divestitures of DeVry University and Carrington College. Adtalem does not disclose the particular institutional or segment performance goals utilized in its MIP due to the confidential nature of such information and the competitive harm that could result from its disclosure. The Compensation Committee considers the organization's performance goals to represent the best estimate of what the organization could deliver if management, individually and collectively, were to materially satisfy its goals and objectives for the year. All goals are designed to be aggressive yet achievable, with the expectation that it would take extraordinary performance on the part of management to exceed them to the extent necessary to yield maximum incentive payouts under the MIP.

The Compensation Committee approves individual performance goals and objectives for the CEO at the beginning of each fiscal year. The CEO also works collaboratively with the other NEOs in developing their respective individual performance goals and in assigning weightings to such goals to place additional emphasis on tactical priorities. Individual performance goals are factors in determining base salary adjustments, annual cash incentive compensation and future awards of long-term incentive compensation. Individual performance goals intentionally include elements that can be rated objectively as well as, to a lesser extent, elements that are of a subjective nature. Individual performance goals are used to drive stretch performance across a broad range of areas considered critical to our strategy and purpose. This mix of objective and subjective criteria allows the evaluator — the independent members of the Board in the case of the CEO, and the CEO with input and approval from the Compensation Committee in the case of the other NEOs — to assess the individual's performance against objective criteria, while utilizing his or her discretion to make adjustments based on the individual's perceived contributions and other subjective criteria.

A summary of the primary individual performance goals and objectives established for each of our NEOs follows:

Lisa W. Wardell (Chairman of the Board, President and CEO)	• Financial and operating performance • Recruitment and development of a high performing team • Academic outcomes and student success • Strategic growth initiatives
Patrick J. Unzicker (Former SVP, CFO and Treasurer)	• Board relationships and professional development • Financial and operating performance • Recruitment and development of a high performing team • Strategy, capital allocation, and portfolio management
Stephen W. Beard (COO, General Counsel and Corporate Secretary)	• Recruitment and development of a high performing team • Financial and operating performance • High performing non-legal functions • Professional development
Kathy Boden Holland (Group President, Medical & Healthcare Education)	• Adtalem and vertical strategy • Academic outcomes and student success • Financial and operating performance • Recruitment and development of a high performing team
Mehul R. Patel (Group President, Financial Services)	• Execute organic growth strategy • Expand presence through M&A and partnership efforts • Continue to implement and optimize operating model • Professional development

Fiscal Year 2019 MIP Decisions

Based on an evaluation of organizational performance relative to MIP measures set at the beginning of fiscal year 2019, the final MIP awards were partially based on the following financial results, as adjusted for special items described in Appendix A:

- Adtalem achieved 106.4% of the target fiscal year 2019 earnings per share performance goal of $2.67 per share; and
- Adtalem achieved 96.3% of the target fiscal year 2019 performance goal of $1,285.1 million in revenue.

In addition, a portion of the MIP awards for Mr. Patel and Ms. Boden Holland were based on results from the performance of the institutions they oversee. Final MIP award calculations also took into consideration evaluations of individual performance for each NEO during the course of the fiscal year. Based on all of this applicable factors, the Compensation Committee approved the following MIP awards to the NEOs:

	Annual Target as a Percentage of Base Salary	FY2019 Target Award Opportunity	FY2019 Actual Award	Percent of Target Paid Based on FY2019 Performance
Lisa W. Wardell	105%	$1,155,000	$1,135,605	98%
Patrick J. Unzicker	70%	$ 367,719	$ 370,808	101%
Stephen W. Beard[(1)]	70%	$ 385,673	$ 388,913	101%
Kathy Boden Holland	70%	$ 402,500	$ 405,226	101%
Mehul R. Patel	70%	$ 313,040	$ 344,772	110%

(1) Target and actual payout for Mr. Beard is shown on a pro-rated basis based on his promotional date of January 9, 2019.

Set forth below, as an example of the MIP calculation for NEOs, is a summary of the calculation of the fiscal year 2019 award for Ms. Wardell:

	Target Award Opportunity (Weighting)	Target	Performance Achieved (Excluding Special Items)	Performance Relative to Target	Payout as a % of Target Award Opportunity based on Performance Relative to Target	Target Award Opportunity ($ Amount)	Actual Award
Adtalem Earnings Per Share	45%	$ 2.67	$ 2.84	106.4%	115.9%	$ 519,750	$ 602,482
Adtalem Revenue	40%	$1,285.1M	$1,237.9M	96.3%	81.6%	$ 462,000	$ 377,198
Individual Performance	15%				90%	$ 173,250	$ 155,925
TOTAL					98%	$1,155,000	$1,135,605

In reviewing the CEO's performance, the Compensation Committee evaluated Ms. Wardell's performance against each of her individual goals and determined a 90% payout for the individual performance component of her MIP award (which represents 15% of the total MIP opportunity) was appropriate. Specifically, the Compensation Committee believed Ms. Wardell was successful in developing a new enterprise strategy process; securing accreditor approval for the DeVry University and Carrington College divestitures and successfully transitioning both DeVry University and Carrington College to new owners; relocating RUSM to a new campus on the island of Barbados; driving a focus on academic quality that resulted in achievement of targets for first-time pass rates for Chamberlain University nursing students on the National Council Licensure Examination students and first-time pass rates for RUSM and AUC students on the U.S. Medical Licensing Examination tests; successfully completing the OCL acquisition; and continuing to drive greater pace, agility and accountability through the culture of the organization. The Compensation Committee identified Ms. Wardell's individual goal relating to setting and achieving external targets for growth as not fully attained during fiscal year 2019.

The Compensation Committee evaluated the other NEOs against their individual goals taking into consideration the following performance highlights:

Patrick J. Unzicker	Delivered the divestitures of DeVry University and Carrington College and supported the achievement of operating income performance through strong spending controls.
Stephen W. Beard	Delivered the divestitures of DeVry University and Carrington College, successfully restructured and rebuilt the Legal and M&A teams, significantly improved several non-Legal functions, successfully acquired OCL, and developed the new enterprise strategy process
Kathy Boden Holland	Significantly improved academic outcome targets, built a strong team at the vertical level, made progress on the HBCU articulation agreements, identified several med/vet expansion opportunities, exceeded operating income targets through strong spending controls, and successfully on-boarded a new leader for Chamberlain University of Health Sciences.
Mehul R. Patel	Delivered organic growth in key businesses, turned around Becker Professional Education, developed and expanded key partnerships and built strong leadership teams at the business unit level.

Long-Term Incentive Compensation

Long-term incentive compensation at Adtalem consists of stock options, RSUs, and PSUs. The Compensation Committee targets the value of long-term incentive compensation for NEOs to represent a substantial percentage of their total compensation opportunity. These incentives are intended to serve three complementary objectives of our compensation program:

- Promote long-term retention of key executives who are critical to our operations,
- Reward executives for the delivery of long-term business results, and
- Align executives' long-term interests with those of our shareholders.

How The Long-Term Incentive Plan Works

The Compensation Committee granted equity awards to each of the NEOs other than the CEO in August 2018 based on both retrospective and prospective considerations and organizational and individual considerations. The Compensation Committee took into account the same seven criteria described in the "Annual Base Salary" section above in determining the amount of these awards. Awards were delivered through a mix of stock-based vehicles to provide a reasonable balance to the equity portfolio:

Tier	Name	Stock Options	RSUs	PSUs
CFO and Group Presidents	Patrick J. Unzicker Kathy Boden Holland Mehul R. Patel	40%	20%	20% ROIC/20% FCF per share
Home Office Functional Leaders	Stephen W. Beard	40%	30%	15% ROIC/15% FCF per share

Stock Options: Stock options reward long-term value creation through increases in stock price. To promote retention, stock option grants vest in equal installments over a four-year period beginning on the first anniversary of the grant date, subject to the NEO's continuous service at Adtalem. The Compensation Committee granted incentive stock options ("ISOs") with a value of up to the $100,000 Internal Revenue Service ("IRS") limitation applicable to each one-year vesting period. To the extent this limitation was met for any NEO, the remaining portion of the stock option award was issued in the form of non-qualified stock options. The Compensation Committee recognizes that Adtalem may not receive a tax deduction for ISOs, but weighed this consideration against the tax benefit ISOs provide to employees and the additional enhancement to Adtalem's ability to attract and retain executives. The Compensation Committee determined it was in Adtalem's best interest to continue utilizing ISOs in the manner described.

Focusing on Long-Term Results

The Compensation Committee believes that long-term equity compensation is an important retention tool and, therefore, chose to use a four-year ratable vesting schedule for grants of stock options and RSUs and a three-year cliff vesting schedule for PSUs, to encourage longer-term focus and retention.

Restricted Stock Units (RSUs): RSUs align the interests of management with those of shareholders and reward long-term value creation. To promote retention, RSUs vest in equal installments over a four-year period beginning on the first anniversary of the grant date, subject to the NEO's continuous service at Adtalem.

Performance Share Units (PSUs): PSUs are designed to reward strong performance based on two financial indicators, ROIC and FCF per share, to focus executives on profitability and effective capital allocation. In fiscal year 2019, PSUs granted to Mr. Unzicker, Mr. Beard, Ms. Boden Holland, and Mr. Patel were split equally among these two components. These PSUs vest after three years based on ROIC and FCF per share performance, respectively, as compared to the goals outlined in the following tables:

	ROIC Performance Goals (FY19-21)		
Performance Period	**Threshold (50% Payout)**	**Target (100% Payout)**	**Maximum (150% Payout)**
Fiscal Year 2019	7.50%	10.00%	12.50%
Fiscal Year 2020	8.50%	11.00%	13.50%
Fiscal Year 2021	9.50%	12.00%	14.50%
3-Year Goal	**8.50%**	**11.00%**	**13.50%**

	FCF Per Share Performance Goals (FY19-21)		
Performance Period	**Threshold (50% Payout)**	**Target (100% Payout)**	**Maximum (150% Payout)**
Fiscal Year 2019	$1.61	$2.30	$2.99
Fiscal Year 2020	$2.13	$3.04	$3.95
Fiscal Year 2021	$3.05	$4.36	$5.66
3-Year Goal	**$2.26**	**$3.23**	**$4.20**

At the start of the performance period, annual ROIC and FCF per share goals are set for each fiscal year, and three-year average ROIC goals are set for the full performance period. Similar to goals for the MIP, these goals are based on the multi-year strategic plan. In some cases, stretch goals are built in to help bridge to out-year targets to ensure we are appropriately working towards our long-term strategic plan. In addition, in some cases, we conduct a "nearest neighbor" analysis, examining our closest competitors to ensure we are positioning ourselves appropriately in the market compared to peers in the industry.

Vesting of the 2019 PSUs are determined as the greater of the sum of the individual payout for each of the three years in the cycle, or the payout based on the three-year average ROIC performance. Vesting for performance between threshold and target and between target and maximum is determined by straight-line interpolation.

The 2019 PSUs grants were made prior our receipt of shareholder feedback regarding the design feature calculating payouts based on the greater of the sum of individual annual performance or performance averaged over three years. In response to shareholder feedback, beginning with grants made in fiscal year 2020, PSU vesting will be based only on performance averaged over three-years.

Fiscal Year 2019 Long-Term Incentive Decisions

For fiscal year 2019, NEOs received the following stock-based awards:

	Stock Options	RSUs	PSUs	Total Value of 2019 Long-Term Incentive Grant
Lisa W. Wardell – as reported	$ —	—	$ —	$ —
– *LTI normalized*[(1)]	*$2,457,657*	—	*$2,249,943*	*$4,707,600*
Patrick J. Unzicker	$ 303,161	$139,793	$ 279,586	$ 722,540
Stephen W. Beard	$ 324,666	$225,140	$ 224,649	$ 774,456
Kathy Boden Holland	$ 324,666	$150,093	$ 300,186	$ 774,945
Mehul R. Patel	$ 251,236	$115,758	$ 231,516	$ 598,510

(1) "LTI normalized" reflects the annualized value of LTI for the CEO provided in fiscal year 2018.

CEO Long-Term Incentive Compensation

The CEO's equity grant for fiscal year 2018 (granted in August 2017) was a front-loaded, two-year award valued at approximately $9.4 million. This 2018 grant represented Ms. Wardell's long-term incentive awards for both fiscal year 2018 and fiscal year 2019. Therefore, Ms. Wardell did not receive any form of long-term incentive award in fiscal year 2019. This grant was determined by the Board and Compensation Committee to drive Ms. Wardell's focus on critically important academic and financial metrics over the next several years, given the divestitures of DeVry University and Carrington College and the transformative nature of the corporate changes.

Impact of 2018 grant on total compensation for fiscal years 2018 and 2019:

Lisa Wardell Compensation	Salary	Stock Awards	Option Awards	Non-Equity Incentive Compensation	All Other Compensation	Total
2018 – LTI as reported	$1,000,529	$4,499,886	$4,915,314	$1,190,869	$115,611	$11,722,209
2018 – LTI normalized[1]	$1,000,529	$2,249,943	$2,457,657	$1,190,869	$115,611	$ 7,014,609
2019 – No LTI grant	$1,083,654	$ —	$ —	$1,135,605	$153,935	$ 2,373,194
2019 – LTI normalized[1]	$1,083,654	$2,249,943	$2,457,657	$1,135,605	$153,935	$ 7,080,794

(1) "LTI normalized" means the fiscal year 2018 stock award and option award values granted in fiscal year 2018 divided by two to annualize the LTI value across fiscal year 2018 and fiscal year 2019.

On a normalized basis, for fiscal year 2018 and fiscal year 2019, the amount of Ms. Wardell's total compensation was consistent with the external market and our goal to incentivize Ms. Wardell to deliver strategic corporate results.

The Compensation Committee believed the front-loaded equity award strengthened alignment between the CEO's earned compensation and the shareholder value that would be created if she delivered on the transformation, particularly since several of the key strategic initiatives needed to happen in fiscal year 2018. To increase the focus on long-term growth, the 2018 grant deviated from our standard annual equity mix by not granting any time-vesting RSUs and instead granting 50% PSUs and 50% stock options. Additionally, while our typical annual LTI plan includes stock options vesting equally over four years, vesting of the 2018 stock options was back-end loaded, with 50% vesting on each of the third and fourth anniversaries of the grant date.

Review of Performance Share Payouts from Fiscal Year 2016 Awards

Performance share awards granted in August 2016 to Ms. Wardell and Mr. Unzicker, which included both financial and mission-based PSUs, vested in 2019. The financial measure was ROIC, and the academic measures were based on achieving various academic milestones. The tables below show the performance measures and targets established for the August 2016 PSUs, the performance achieved, and the resulting payout.

		Performance Goals				
Goal	**Weighting**	**Threshold (50% Payout)**	**Target (100% Payout)**	**Maximum (150% Payout)**		**Payout (as a % of Target)**
Financial-Based PSUs						
ROIC	100%	8.0%	9.5%	11.5%	**10.1%**	117.7%
Academic-Based PSUs						
DeVry University - Undergraduate Session to Session Persistence[1]	20%	55%	56%	57%	**74.47%**	150.0%
Chamberlain - BSN NCLEX 1st Time Pass Rate[2]	25%	85%	90%	95%	**84.5%**	26.3%
RUSM & AUC - USMLE 1st Time Pass Rate (Step1)[3]	10%	78.70%	87.75%	96.00%	**94.00%**	138.5%
RUSM & AUC - USMLE 1st Time Pass Rate (Step2 - CK)[3]	10%	81.97%	89.32%	96.67%	**88.04%**	91.3%
RUSM & AUC - USMLE 1st Time Pass Rate (Step2 - CS)[3]	10%	79.80%	87.90%	96.00%	**89.10%**	107.4%
Carrington - Retention[1]	10%	80.00%	82.50%	85.00%	**83.48%**	119.7%
Adtalem Brasil - General Course Index ("IGC")	15%	50th Percentile	60th Percentile	75th Percentile	**73rd Percentile**	142.2%
			Total Payout as a % of Target (Academic PSUs):			**103.6%**

(1) For the above three-year calculation, DeVry University and Carrington performance was deemed to be met at the target level for fiscal year 2019 due to the timing of the divestitures.

(2) Chamberlain payout was determined based on fiscal year 2019 performance that exceeded the threshold target.

(3) Medical school goals shown reflect the following for the three-year performance period: threshold is equal to the international medical school pass rate norm; maximum is equal to the US medical school pass rate norm; and target is equal to the midpoint between threshold and maximum.

COMPENSATION SETTING PROCESS

Role of the Compensation Committee

The Compensation Committee determines the appropriate level of compensation for the CEO and other NEOs. The Compensation Committee reviews and approves all components of annual compensation (base salary, annual cash incentive and long-term incentive) to ensure they align with the principles of Adtalem's compensation program. In addition, the Compensation Committee meets periodically to review the design of the overall compensation program, approve performance targets and review management performance, and it assists in establishing CEO goals and objectives.

Each year, the Compensation Committee recommends CEO compensation to the Board, taking into consideration the CEO's performance evaluation and advice from the independent executive compensation consulting firm engaged by the Compensation Committee. In determining the CEO's long-term incentive compensation, the Compensation Committee considers Adtalem's absolute and relative performance, incentive awards to CEOs at comparable companies, past awards and the CEO's expected future contributions, as well as other factors it deems appropriate.

The Compensation Committee approves base salary, annual cash incentive and long-term incentive compensation for Adtalem's NEOs, except for the CEO whose compensation package is recommended by the Compensation Committee and approved by the independent members of the Board during executive session.

Role of the Executive Officers and Management

The CEO, in consultation with the Senior Vice President, Human Resources and the Chief Financial Officer, provides the Compensation Committee with compensation recommendations for the other NEOs, including recommendations for annual base salary increases, annual cash incentive awards, and long-term incentive awards. Our Chief Financial Officer does not participate in discussions regarding his compensation. These recommendations are based on market-competitive compensation data and the CEO's assessment of each NEO's performance in the prior year. While these recommendations are given significant weight, the Compensation Committee retains full discretion when determining compensation.

The Compensation Committee reviews and approves, with any modifications it deems appropriate, base salary, annual cash incentive awards and long-term incentive awards for Adtalem's NEOs. The compensation package for the CEO is recommended by the Compensation Committee and approved by the independent members of the Board during executive session.

Role of the Compensation Consultant

The Compensation Committee retains ultimate responsibility for compensation-related decisions. To add objectivity to the review process and inform the Compensation Committee of market trends and practices, the Compensation Committee engages the services of an independent executive compensation advisory firm. For fiscal year 2019, the Compensation Committee engaged FW Cook as its independent executive compensation consultant.

FW Cook analyzed Adtalem's executive compensation structure and plan designs and assessed whether the executive compensation program is competitive and supports the Compensation Committee's goal to align the interests of executive officers with those of shareholders, students and other stakeholders.

For fiscal year 2019, FW Cook's primary areas of assistance were:

- Gathering information related to current trends and practices in executive compensation, including peer group and broader market survey data;
- Reviewing, analyzing and providing recommendations for Adtalem's list of peer group companies;
- Reviewing information developed by management for the Compensation Committee and providing input on such information to the Compensation Committee;
- Attending and participating in all Compensation Committee meetings and most non-employee director executive sessions, as well as briefings with the Compensation Committee chair and management prior to meetings; and
- Reviewing with management and the Compensation Committee the materials to be used in Adtalem's Proxy Statement.

In the second half of fiscal year 2018, FW Cook also conducted a review of our non-employee director compensation program and recommended an annual retainer rate that was applicable throughout fiscal year 2019. Refer to "Director Compensation" beginning on page 29 for more detail.

The Compensation Committee has the sole authority to approve the independent compensation consultant's fees and terms of the engagement. Thus, the Compensation Committee annually reviews its relationship with, and assesses the independence of, FW Cook to ensure executive compensation consulting independence. The process includes a review of the services FW Cook provides, the quality of those services, and fees associated with the services during the fiscal year. The Compensation Committee has assessed the independence of FW Cook pursuant to applicable SEC rules and NYSE listing standards and has concluded that FW Cook's work for the Compensation Committee does not raise any conflict of interest.

Executive Compensation Peer Group

To ensure Adtalem continues to provide total executive compensation that is fair and competitively positioned in the marketplace, the Compensation Committee reviews the pay level, mix and practices of peer group companies. The Compensation Committee does not target any specific percentile levels in establishing compensation levels and opportunities.

While including all large publicly-held, private sector higher education schools, Adtalem's peer group also includes a broader group of organizations in order to provide more comprehensive compensation data. Adtalem's expanded peer group includes publicly-held organizations that provide services over an extended period of time. In consideration of Adtalem's significant focus on healthcare education, which requires attracting and retaining seasoned healthcare professionals and executives, the peer group also includes healthcare services companies. Revenue of most of the peer group organizations is generally between one-half and two times Adtalem's revenue.

Based on the recommendation of FW Cook, in February 2019, the Compensation Committee approved changes to the peer group. The Compensation Committee removed the following companies from the prior year analysis due to their disparate size and/or lack of customer or human resources market alignment:

- Select Medical Holdings Corporation
- Encompass Health
- H&R Block
- Gartner

Additionally, the Compensation Committee added the following companies to the prior year analysis, due to their stronger market alignment for executive talent and business focus:

- Strategic Education
- Chemed
- Tivity
- Chegg

Adtalem's resulting peer group is composed of:

Amedisys	Cross Country Healthcare	Laureate Education
AMN Healthcare Services	Ensign Group	MEDNAX, Inc.
Bright Horizons Family Solutions LLC	Graham Holdings Company	Service Corp. International
Brookdale Senior Living Inc.	Grand Canyon Education, Inc.	Strategic Education
Career Education Corp.	Houghton Mifflin Harcourt	Tivity Health
Chegg	John Wiley & Sons	Weight Watchers
Chemed	K12	

ADDITIONAL EXECUTIVE COMPENSATION PRACTICES

Deferred Compensation

Adtalem maintains the Nonqualified Deferred Compensation Plan that allows certain employees, including the NEOs, to defer up to 50% of salary and 100% of the MIP compensation until termination of service or certain other specified dates. Adtalem credits matching contributions to participants' accounts to the extent they have elected to defer the maximum contributions under Adtalem's Success Sharing Retirement Plan, which is a 401(k) plan, and their matching contributions are limited by the Internal Revenue Code of 1986, as amended (the "Code") provisions.

The Nonqualified Deferred Compensation Plan enables the NEOs and other eligible employees with a certain level of annual compensation to save a portion of their income for retirement on a scale consistent with other employees not subject to IRS limits.

The Nonqualified Deferred Compensation Plan is not 100% funded by Adtalem and participants have an unsecured contractual commitment by Adtalem to pay the amounts due under such plan.

The value of deferred compensation amounts is quantified each year and this program is periodically reviewed for its competitiveness.

Other Benefits

NEOs are eligible to participate in a number of broad-based benefit programs, which are the same ones offered to most employees at Adtalem, including health, disability and life insurance programs.

We do not offer a defined benefit pension plan, and, therefore, our Success Sharing Retirement Plan and the Nonqualified Deferred Compensation Plan are the only retirement savings vehicles for executives.

In general, we do not provide benefits or perquisites to our NEOs that are not available to other employees, with the exception of personal financial planning services.

Benefits and perquisites make up the smallest portion of each NEO's total compensation package. The nature and quantity of perquisites provided by Adtalem did not change materially in fiscal year 2018 versus 2019, consistent with our philosophy that benefits and perquisites should not represent a meaningful component of our compensation program. The Compensation Committee periodically reviews the benefit and perquisite program to determine if adjustments are appropriate.

The "All Other Compensation" column of the 2019 Summary Compensation Table shows the amounts of benefit and perquisite compensation we provided for fiscal years 2017, 2018 and 2019 to each of the NEOs.

Employment Agreements

Adtalem has entered into employment agreements with each employed NEO that provide for:

- Initial annual base salary, subject to annual increases (no decreases except in the case of an across-the-board reduction affecting all executives equally);
- Annual cash incentive opportunity under the MIP, targeted at a percentage of base salary;
- Benefits and perquisites generally available to senior management;
- Reimbursement of expenses consistent with Adtalem's policy in effect at the time; and
- Severance benefits that will be provided upon certain terminations of employment, as further described on pages 65-67 under the caption "2019 Potential Payments Upon Termination or Change-in-Control."

Employment Agreements

Employment agreements provide NEOs with a guaranteed level of financial protection upon loss of employment. Adtalem believes that providing for such income continuity results in greater management stability and lower unwanted management turnover.

The Compensation Committee believes that agreements provide:

- Security and incentives that help retain and attract top executives;
- Greater ability for Adtalem to retain key executives following an extraordinary corporate transaction; and
- Benefits to Adtalem including non-competition and non-solicitation covenants by NEOs.

Change-in-Control

Adtalem provides benefits to its NEOs upon termination of employment from Adtalem in specific circumstances. These benefits are in addition to the benefits to which these NEOs would be generally entitled upon a termination of employment (e.g., vested retirement benefits accrued as of the date of termination, stock-based awards that are vested as of the date of termination and the right to elect continued health coverage pursuant to COBRA). In addition, as of November 8, 2017, when our shareholders approved the Fourth Amended and Restated Incentive Plan of 2013 (the "2013 Incentive Plan"), Adtalem's equity compensation plans, and the award agreements used to implement them, provide for accelerated vesting of outstanding equity awards in the event of a change-in-control of Adtalem, only in the event (a) Adtalem (or its successor) ceases to be publicly traded, (b) the successor to Adtalem fails to assume outstanding Awards or to issue new awards in replacement of outstanding Awards, or (c) if the participant is terminated without cause or resigns for good reason within two years following the change-in-control. Awards issued prior to November 8, 2017 provide for accelerated vesting in the event of a change-in-control.

See "2019 Potential Payments Upon Termination or Change-in-Control" on pages 65-67 for a detailed description of potential payments and benefits to the NEOs under Adtalem's compensation plans and arrangements upon termination of employment or a change of control of Adtalem.

OTHER EXECUTIVE COMPENSATION CONSIDERATIONS AND POLICIES

Stock Ownership Guidelines

Stock ownership guidelines have been in place for our directors and executive officers since 2010 and are intended to align their interests with our shareholders by requiring them to be subject to the same long-term stock price volatility our shareholders experience. Each of our non-employee Board members, except for Mr. Malafronte, are expected to maintain ownership of Adtalem Common Stock valued at or equal to three times their annual retainer. Mr. Malafronte, who was appointed to the Board pursuant to a Support Agreement between Adtalem and a shareholder, IVA, and who has declined all compensation for his service, is not subject to the ownership guidelines.

In February 2019, our Board increased the required ownership value for certain executive officers, including certain of our NEOs, to better reflect market practice and the scope of their roles as described in the table below:

Linking Compensation to Stock Performance

Stock ownership guidelines tie the compensation of the NEOs to our stock performance, since the increase or decrease in our stock price impacts their personal holdings. Currently, all NEOs and directors who are no longer subject to a phase-in period have met the minimum ownership requirements.

Position	NEOs	Number of Shares Equivalent to:	Change:
CEO	Lisa W. Wardell	5 times base salary	No change
CFO	Patrick J. Unzicker	3 times base salary	No change
COO	Stephen W. Beard	3 times base salary	Increased from 2 times
Key operational leaders	Mehul R. Patel Kathy Boden Holland	2 times base salary	No change
All other executive officers		1 ½ times base salary	Increased from equal to

Our directors and executive officers have five years following their election, date of appointment or promotion to an executive officer position, as the case may be, to achieve their stock ownership level. Additionally, our executive officers have until the later of five years from their appointment or adoption of the increased guidelines to achieve the new stock ownership levels.

Shares that count toward satisfaction of the guidelines include Adtalem's Common Stock directly and/or beneficially owned, Adtalem's Common Stock held in Adtalem's Success Retirement Plan, Adtalem's Common Stock held in Adtalem's Nonqualified Deferred Compensation Plan, and the after-tax value of unvested RSUs and PSUs and/or vested in-the-money options, provided that these make up no more than 50% of the ownership expectation.

Our stock ownership guidelines are deemed to continue to be met by an individual who has achieved the required ownership level but then falls below solely due to a decline in Adtalem's Common Stock price. Absent exigent circumstances, executives who have not yet met the guidelines at the end of their five-year phase-in period are required to retain, until the guidelines are satisfied, 100% of the after-tax shares received from option exercises or the vesting of RSUs or PSUs.

Incentive Compensation Recoupment Policy

Adtalem has adopted an incentive compensation recoupment policy that applies to all executive officers. The policy provides that, in addition to any other remedies available to Adtalem (but subject to applicable law), if the Board or any committee of the Board determines that it is appropriate, Adtalem may recover (in whole or in part) any incentive payment, commission, equity award or other incentive compensation received by an executive officer of Adtalem to the extent that such incentive payment, commission, equity award or other incentive compensation is or was paid on the basis of any financial results that are subsequently restated due to executive officer conduct that is determined by the independent directors to have been knowingly or intentionally, fraudulent or illegal.

Deductibility of Compensation

Adtalem analyzes the overall expense arising from aggregate executive compensation, as well as the accounting and tax treatment of such programs. Section 162(m) of the Code generally disallows a tax deduction to publicly traded companies for certain compensation in excess of $1 million per year paid to "covered employees." Prior to the recent enactment of the Tax Cuts and Jobs Act, "covered employees" were defined as the CEO and the three other most highly compensated officers, other than the CFO, employed at year-end, and compensation that satisfied the Code's requirements for performance-based compensation was not subject to the deduction limitation. However, the performance-based exception from the deduction limitation has now been repealed under the Tax Cuts and Jobs Act and the definition of "covered employees" has been expanded to include, among others, the CFO and certain former executive officers, effective for taxable years beginning after December 31, 2017, subject to certain transition relief.

From and after January 21, 2018, compensation awarded in excess of $1,000,000 to our NEOs will generally not be deductible. The Compensation Committee views the tax deductibility of executive compensation as one factor to be considered in the context of its overall compensation philosophy. The Compensation Committee reviews each material element of compensation on a continuing basis and believes that shareholder interests are best served by not restricting the Compensation Committee's discretion and flexibility in crafting compensation programs, even though such programs may result in certain non-deductible compensation expenses. Accordingly, the Compensation Committee has approved and may in the future approve compensation arrangements for executive officers that are not fully deductible.

Compensation Risk Analysis

The Compensation Committee, with the assistance of its consultant, FW Cook, conducted an annual assessment of our compensation program to ensure it does not encourage unnecessary or excessive risk taking that could have an adverse effect on Adtalem.

The risk assessment covered all compensation programs, including those in which our top executives and NEOs participate.

Through this process, FW Cook and the Compensation Committee have concluded that Adtalem's compensation programs do not encourage behaviors that could create material risk to the organization. More specifically, the Compensation Committee concluded that:

- Adtalem's compensation programs are well-designed to encourage behaviors aligned with the long-term interests of shareholders.
- There is appropriate balance in the executive compensation program structure to mitigate compensation-related risk with fixed and variable pay, cash and equity, corporate and business unit goals, financial and non-financial goals, and formulas and discretion.
- The Compensation Committee has approved policies to mitigate compensation risk, including stock ownership guidelines, insider-trading prohibitions, and clawbacks.
- Additionally, the Compensation Committee exercises an appropriate level of independent oversight into compensation decisions and related risk.

Prohibition on Hedging and Pledging

Our insider trading policy prohibits employees and directors from engaging in any transaction that is designed to hedge or offset any decrease in the market value of equity securities issued by Adtalem. In addition, except as expressly approved by our general counsel, employees and directors may not hold Adtalem securities in a margin account or pledge Adtalem securities as collateral for a loan. None of our executive officers or directors have requested approval to hold Adtalem securities in a margin account or to pledge Adtalem securities.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board hereby furnishes the following report to the shareholders of Adtalem in accordance with rules adopted by the SEC. The Compensation Committee has reviewed and discussed the Compensation Discussion & Analysis of this Proxy Statement with Adtalem's management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion & Analysis be included in this Proxy Statement.

This report is submitted on behalf of the members of the Compensation Committee:

Michael W. Malafronte, Chair
William W. Burke
Lyle Logan

Executive Compensation Tables

2019 SUMMARY COMPENSATION TABLE

This table shows the compensation of each of our NEOs for fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017, respectively.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	All Other Compensation(6) ($)	Total ($)
Lisa W. Wardell	2019	1,083,654	—	—(7)	—(7)	1,135,605	153,935	2,373,194
Chairman of the Board,	2018	1,000,529	—	4,499,886(7)	4,915,314(7)	1,190,869	115,611	11,722,209
Chief Executive Officer and President	2017	929,423	—	2,684,087	1,741,417	1,000,485	41,668	6,397,080
Patrick J. Unzicker(8)	2019	522,849	—	419,379	303,161	370,808	51,545	1,667,742
Former Senior Vice	2018	492,788	—	540,027	393,181	407,289	42,733	1,876,018
President, Chief Financial Officer and Treasurer	2017	410,000	—	298,338	193,389	294,483	31,419	1,227,629
Stephen W. Beard(9) Chief Operating Officer, General Counsel and Corporate Secretary	2019	535,700	—	449,790	324,666	388,913	23,341	1,722,410
Kathy Boden Holland(10) Group President, Medical and Healthcare	2019	575,000	—	450,279	324,666	405,226	39,054	1,794,225
Mehul R. Patel	2019	443,892	—	347,274	251,236	344,772	46,337	1,433,511
Group President, Financial Services	2018	337,385	250,000	529,816	—	215,827	13,490	1,346,518

(1) This column shows the salaries paid by Adtalem to its NEOs in fiscal years 2019, 2018 and 2017. The following NEOs have elected to defer a portion of their salaries under the Nonqualified Deferred Compensation Plan: Ms. Wardell ($32,510 for 2019, $30,016 for 2018 and $14,096 for 2017); Mr. Unzicker ($10,457 for 2019, $9,856 for 2018 and $8,200 for 2017); Ms. Boden Holland ($35,385 for 2019); and Mr. Patel ($13,317 for 2019 and $10,237 for 2018). Amounts shown are inclusive of these deferrals.

(2) This column includes the $250,000 signing bonus paid to Mr. Patel in fiscal year 2018.

(3) The amounts reported in the Stock Awards column represents the grant date fair value of awards of both PSUs and RSUs, which is an estimated value computed in accordance with FASB ASC Topic 718. The assumptions used for fiscal years 2019, 2018 and 2017 calculations can be found at Note 5: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2019; Note 5: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2018; and Note 6: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2017, respectively. The grant date fair values of the PSUs are based on the probable outcome of the performance conditions to which the PSUs are subject, and the shares the recipient would receive under such outcome. The 2019 Grants of Plan-Based Awards shows the values of PSU awards assuming that the highest levels of the performance conditions are achieved.

(4) The amounts reported in the Options Awards column represents the grant date fair value, which is an estimated value computed in accordance with FASB ASC Topic 718. The assumptions used for fiscal years 2019, 2018 and 2017 calculations can be found at Note 5: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2019; Note 5: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2018; and Note 6: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2017, respectively.

(5) The MIP compensation reported in this column was earned in fiscal years 2019, 2018 and 2017 and paid in fiscal years 2020, 2019 and 2018, respectively, based upon the MIP guidelines. Certain NEOs have elected to defer a portion of their MIP compensation under the Nonqualified Deferred Compensation Plan, specifically: Ms. Wardell ($113,560 for 2019, $119,087 for 2018 and $100,049 for 2017) and Ms. Boden Holland ($392,246 for 2019). Amounts shown are inclusive of these deferrals.

(6) The amounts indicated in the "all other compensation" column for 2019 include the following:

- Matching and success sharing contributions credited under the Success Sharing Retirement Plan for Ms. Wardell ($19,163), Mr. Unzicker ($18,819); Mr. Beard ($22,540); Ms. Boden Holland ($11,421) and Mr. Patel ($16,907).
- Company contributions credited under the Nonqualified Deferred Compensation Plan for Ms. Wardell ($125,746); Mr. Unzicker ($31,916); Ms. Boden Holland ($26,391) and Mr. Patel ($28,720).
- Group life insurance premiums paid by Adtalem for Ms. Wardell ($1,026); Mr. Unzicker ($810); Mr. Beard ($801); Ms. Boden Holland ($1,242) and Mr. Patel ($710).
- Personal financial planning services for Ms. Wardell ($8,000).

(7) Ms. Wardell's equity grant for fiscal year 2018 (granted in August 2017) was a front-loaded, two-year award valued at approximately $9.4 million. The Board and Compensation Committee have determined that this grant represents Ms. Wardell's long-term incentive awards for both fiscal year 2018 and fiscal year 2019. Ms. Wardell has not received, and will not receive, any form of long-term incentive award in fiscal year 2019. This grant was determined by the Board and Compensation Committee to drive Ms. Wardell's focus on performance over the next several years on key academic and financial metrics.

(8) Mr. Unzicker was succeeded by Mr. Michael Randolfi as Senior Vice President and Chief Financial Officer in August 2019.

(9) Mr. Beard joined Adtalem as our General Counsel on February 1, 2018. On January 9, 2019, Mr. Beard was named Chief Operating Officer in addition to General Counsel.

(10) Ms. Boden Holland joined Adtalem as an officer on May 9, 2018.

Employment Agreements with Chief Executive Officer and Other Named Executive Officers

Adtalem has entered into employment agreements with each of its NEOs, which are described on pages 65-66 under the caption "Employment Agreements."

2019 GRANTS OF PLAN-BASED AWARDS

This table sets forth information regarding non-equity incentive plan awards, equity incentive plan awards, RSUs and stock options granted to the NEOs in fiscal year 2019.

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[(1)]			Estimated Future Payouts Under Equity Incentive Plan Awards[(5)]			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards[(8)]
Grant Date	Threshold ($)[(2)]	Target ($)[(3)]	Maximum ($)[(4)]	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)[(6)]	($/sh)[(7)]	
Lisa W. Wardell										
	577,500	1,155,000	2,310,000							
Patrick J. Unzicker										
	183,860	367,719	735,438							
8/22/2018				2,850	5,700	8,550				$279,586
8/22/2018								14,450	49.05	$303,161
8/22/2018							2,850			$139,793
Stephen W. Beard										
	192,837	385,673[(9)]	771,346							
8/22/2018				2,290	4,580	6,870				$224,650
8/22/2018								15,475	49.05	$324,666
8/22/2018							4,590			$225,140
Kathy Boden Holland										
	201,250	402,500	805,000							
8/22/2018				3,060	6,120	9,180				$300,186
8/22/2018								15,475	49.05	$324,666
8/22/2018							3,060			$150,093
Mehul R. Patel										
	156,520	313,040	626,080							
8/22/2018				2,360	4,720	7,080				$231,516
8/22/2018								11,975	49.05	$251,236
8/22/2018							2,360			$115,758

(1) Payouts under the MIP were based on performance in fiscal year 2019. Therefore, the information in the "Threshold," "Target" and "Maximum" columns reflect the range of potential payouts when the performance goals were set on August 22, 2018. The amounts actually paid under the MIP for fiscal year 2019 appear in the "Non-Equity Incentive Plan Compensation" column of the 2019 Summary Compensation Table.

(2) Pursuant to the MIP, performance below a performance goal threshold will result in no payment with respect to that performance goal. If a performance goal threshold is met, then the amount shown in this column represents the minimum incentive payment, 50% of the target.

(3) The amount shown in this column represents the target incentive payment under the MIP, which is calculated as a set percentage of base salary.

(4) Pursuant to the MIP, the amount shown in this column represents the maximum incentive payment, 200% of the target.

(5) PSUs were granted under the 2013 Incentive Plan. The awards consist of 50% with a target based on ROIC over a period of three fiscal years and 50% with a target based on FCF per share over a period of three fiscal years. PSUs will pay out anywhere between 0% for below threshold performance, 50% of target payout for threshold performance and 150% of target for achieving maximum performance or above. Straight-line interpolation will be used to determine achievement between threshold and target.

(6) Stock option awards on August 22, 2018 were issued as part of the annual incentive award under the 2013 Incentive Plan, which become exercisable at 25% per year for four years beginning on the first anniversary of the date of grant and have a maximum term of ten years.

(7) All options granted on August 22, 2018 have an exercise price equal to the closing sales price of the Common Stock on the date of grant.

(8) This column shows the grant date fair value of PSUs (assuming payout at target value), RSUs and stock options granted on August 22, 2018, in fiscal year 2019, computed in accordance with FASB ASC Topic 718, which was $20.98 for stock options and $49.05 for each of RSUs and PSUs. Also see Note 5: Stock-Based Compensation to our audited financial statements in Adtalem's Annual Report on Form 10-K for the year ended June 30, 2019 for an explanation of the assumptions made by Adtalem in the valuation of stock option awards.

(9) Target for Mr. Beard is shown on a pro-rated basis based on his promotional date of January 9, 2019.

2019 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

This table sets forth information for each NEO with respect to stock options, RSUs and PSUs held by the NEOs as of June 30, 2019.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date[(1)]	Number of Shares or Units of Stock That Have Not Vested (#)[(2)]	Market Value of Shares or Units of Stock That Have Not Vested ($)[(3)]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[(4)]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[(5)]
Lisa W. Wardell	127,813	66,756	17.54	5/26/2026				
	95,787	95,788	23.78	8/25/2026				
	—	335,975	33.90	8/23/2027				
					32,110	1,446,556	208,430	9,389,772
Patrick J. Unzicker	3,225	—	38.71	8/27/2020				
	3,775	—	41.87	8/24/2021				
	6,472	—	18.60	8/29/2022				
	7,125	—	28.32	8/21/2023				
	4,875	—	43.47	8/20/2024				
	6,693	2,232	26.23	8/26/2025				
	10,637	10,638	23.78	8/25/2026				
	6,718	20,157	33.90	8/23/2027				
	—	14,450	49.05	8/22/2028				
					9,378	422,479	24,730	1,114,087
Stephen W. Beard	—	15,475	49.05	8/22/2028				
					8,633	388,917	4,580	206,329
Kathy Boden Holland	—	15,475	49.05	8/22/2028				
					7,133	321,342	11,550	520,328
Mehul R. Patel	—	11,975	49.05	8/22/2028				
					7,723	347,921	11,870	534,744

(1) The table below details the vesting schedule for stock option grants based on the termination date of the relevant grant. In general, option grants vest 25% on each of the first four anniversaries of the date of grant, except for Ms. Wardell's August 23, 2027 expiration dated grant relates to a double grant award that vests 50% on each of the third and fourth anniversaries of the date of grant. Ms. Wardell's May 26, 2026 expiration dated grant relates to an option granted to her as part of an initial sign-on award granted upon her appointment as President and CEO to compensate for forgone compensation at her prior employer and to align her compensation with Adtalem's performance.

Option Expiration Dates	Grant Dates				Options Vesting Dates
8/27/2020	8/27/2010	8/27/2011	8/27/2012	8/27/2013	8/27/2014
8/24/2021	8/24/2011	8/24/2012	8/24/2013	8/24/2014	8/24/2015
8/29/2022	8/29/2012	8/29/2013	8/29/2014	8/29/2015	8/29/2016
8/21/2023	8/21/2013	8/21/2014	8/21/2015	8/21/2016	8/21/2017
8/20/2024	8/20/2014	8/20/2015	8/20/2016	8/20/2017	8/20/2018
8/26/2025	8/26/2015	8/26/2016	8/26/2017	8/26/2018	8/26/2019
5/26/2026	5/26/2016	5/26/2017	5/26/2018	5/26/2019	5/26/2020
8/25/2026	8/25/2016	8/25/2017	8/25/2018	8/25/2019	8/25/2020
8/23/2027	8/23/2017	8/23/2018	8/23/2019	8/23/2020	8/23/2021
8/22/2028	8/22/2018	8/22/2019	8/22/2020	8/22/2021	8/22/2022

(2) The table below details the vesting schedule for RSUs, which vest 25% on each of the first four anniversaries of the date of grant.

Name	Grant Date	Number of RSUs Vesting				
		Year 1	Year 2	Year 3	Year 4	Total
Lisa W. Wardell	5/26/2016	—	—	—	13,185	13,185
Lisa W. Wardell	8/25/2016	—	—	9,462	9,463	18,925
Patrick J. Unzicker	8/26/2015	—	—	—	440	440
Patrick J. Unzicker	8/25/2016	—	—	1,052	1,053	2,105
Patrick J. Unzicker	8/23/2017	—	1,328	1,327	1,328	3,983
Patrick J. Unzicker	8/22/2018	712	713	712	713	2,850
Stephen W. Beard	2/13/2018	—	1,348	1,347	1,348	4,043
Stephen W. Beard	8/22/2018	1,147	1,148	1,147	1,148	4,590
Kathy Boden Holland	5/9/2018	—	1,358	1,357	1,358	4,073
Kathy Boden Holland	8/22/2018	765	765	765	765	3,060
Mehul R. Patel	11/7/2017	—	1,788	1,787	1,788	5,363
Mehul R. Patel	8/22/2018	590	590	590	590	2,360

(3) Represents the value derived by multiplying the number of shares of Common Stock covered by RSUs granted by $45.05 (the closing market price of Adtalem's Common Stock on June 28, 2019).

(4) The table below details the vesting schedule for PSUs. In general, PSUs vest following the third anniversary of their grant date.

Name	Grant Date	Vesting Date	Number of PSUs Vesting
Lisa W. Wardell	8/25/2016	8/25/2019	75,690
Lisa W. Wardell	8/23/2017	8/23/2020	132,740
Patrick J. Unzicker	8/25/2016	8/25/2019	8,410
Patrick J. Unzicker	8/23/2017	8/23/2020	10,620
Patrick J. Unzicker	8/22/2018	8/22/2021	5,700
Stephen W. Beard	8/22/2018	8/22/2021	4,580
Kathy Boden Holland	5/9/2018	8/22/2021	5,430
Kathy Boden Holland	8/22/2018	8/22/2021	6,120
Mehul R. Patel	11/7/2017	11/7/2020	7,150
Mehul R. Patel	8/22/2018	8/22/2021	4,720

(5) Represents the value derived by multiplying the number of shares of Common Stock covered by the PSUs by $45.05 (the closing market price of Adtalem's Common Stock on June 28, 2019). The value provided assumes a PSU payout at target value.

2019 OPTIONS EXERCISES AND STOCK VESTED

This table provides information for the NEOs concerning stock options that were exercised and PSUs and RSUs that vested during fiscal year 2019.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Lisa W. Wardell	9,200	180,119	59,915	2,863,660
Patrick J. Unzicker	4,928	83,654	10,303	526,665
Stephen W. Beard	—	—	1,347	64,979
Kathy Boden Holland[3]	—	—	4,657	251,520
Mehul R. Patel	—	—	1,787	103,449

(1) *Value Realized on Exercise*. If the exercise was executed as part of a cashless transaction where the shares acquired were immediately sold, this represents the difference between the sales price of the shares acquired and the option exercise price multiplied by the number of shares of Common Stock covered by the options exercised. If the exercise was executed as part of a buy and hold transaction, this represents the difference between the closing market price of the Common Stock for the date of exercise of the option and the option exercise price multiplied by the number of shares of Common Stock covered by the options held.

(2) *Value Realized on Vesting*. For Ms. Wardell, this amount represents PSUs originally granted in May 2016 that vested in August 2018. For Mr. Unzicker, this amount represents PSUs originally granted in August 2015 that vested in August 2018 and PSUs originally granted in November 2015 that vested in November 2018. For Ms. Wardell, this amount represents RSUs originally granted in May 2016 that vested in May 2019 and RSUs originally granted in August 2016 that vested in August 2018. For Mr. Unzicker, this amount represents RSUs originally granted in August 2014, August 2015, August 2016 and August 2017 that vested in August 2018. For Mr. Beard, this amount represents RSUs originally granted in February 2018 that vested in February 2019. For Ms. Boden Holland, this amount represents RSUs originally granted in November 2017 that vested in November 2018 as part of her prior service on the Adtalem Board and RSUs originally granted in May 2018 that vested in May 2019. For Mr. Patel, this amount represents RSUs originally granted in November 2017 that vested in November 2018.

(3) For Ms. Boden Holland, includes director compensation in the form of RSUs for her prior service as a member of the Board.

2019 NONQUALIFIED DEFERRED COMPENSATION

This table sets forth information about activity for NEOs in our Nonqualified Deferred Compensation Plan during fiscal year ended June 30, 2019.

Name	Executive Contributions in Last Fiscal Year ($)[1]	Registrant Contributions in Last Fiscal Year ($)[2]	Aggregate Earnings in Last Fiscal Year ($)[3]	Aggregate Balance at Last Fiscal Year End ($)[4]
Lisa W. Wardell	151,596	125,746	28,062	873,206
Patrick J. Unzicker	10,457	31,916	15,499	327,020
Stephen W. Beard	—	—	—	—
Kathy Boden Holland	93,574	26,391	4,268	210,867
Mehul R. Patel	13,317	28,720	1,843	54,028

(1) *Executive Contributions in Last Fiscal Year*. The amount of executive contributions made by each NEO and reported in this column is included in each NEO's compensation reported on the 2019 Summary Compensation Table, either in the "Salary" or "Non-Equity Incentive Plan Compensation" column. See footnotes 1 and 5 of the 2019 Summary Compensation Table for specific deferrals made by each NEO.

(2) *Registrant Contributions in Last Fiscal Year*. The amount of Adtalem contributions made and reported in this column is included in each NEO's compensation reported on the 2019 Summary Compensation Table in the "All Other Compensation" column.

(3) *Aggregate Earnings in Last Fiscal Year.* These amounts represent the earnings in the Nonqualified Deferred Compensation Plan for fiscal year 2019. These amounts are not reported in the 2019 Summary Compensation Table.

(4) *Aggregate Balance at Last Fiscal Year End.* The aggregate balance as of June 30, 2019 reported in this column for each NEO reflects amounts that either are currently reported or were previously reported as compensation in the 2019 Summary Compensation Table for current or prior years, except for the aggregate earnings on deferred compensation.

DEFERRED COMPENSATION PLAN

The Nonqualified Deferred Compensation Plan covers directors and selected key employees approved for participation by the Compensation Committee. All of the NEOs are eligible to participate in the Nonqualified Deferred Compensation Plan. Under the Nonqualified Deferred Compensation Plan as it applies to employees, participants may make an advance election to defer up to 50% of salary and up to 100% of MIP compensation until termination of service with Adtalem or certain other specified dates. Adtalem credits matching contributions to participants' accounts under the Nonqualified Deferred Compensation Plan to the extent they have elected to defer the maximum amount under Adtalem's Success Sharing Retirement Plan, and their matching contributions to the Success Sharing Retirement Plan are limited by applicable Code provisions. Adtalem may also credit participants' accounts with discretionary success sharing contributions. Participants are fully vested in their own deferral and matching contributions, plus earnings, and will vest in discretionary contributions, if any, as determined by the Compensation Committee. Participants may elect to have their Nonqualified Deferred Compensation Plan accounts credited with earnings based on various investment choices made available by the Compensation Committee for this purpose. Participants may elect to have account balances paid in a lump sum or in installments. Distributions are generally made or commence in January of the year following termination of employment (but not earlier than six months after termination) or January of the year in which the specified payment date occurs. In the event of death before benefits commence, participants' accounts will be paid to their beneficiaries in a lump sum.

2019 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

Adtalem provides benefits to the NEOs upon termination of employment from Adtalem in specific circumstances. These benefits are in addition to the benefits to which these NEOs would be generally entitled upon a termination of employment (i.e., vested retirement benefits accrued as of the date of termination, stock-based awards that are vested as of the date of termination and the right to elect continued health coverage pursuant to COBRA). In addition, Adtalem's equity compensation plans and the stock award agreements used to implement them provide for accelerated vesting of outstanding stock awards in the event of a change-in-control of Adtalem, regardless of whether a termination of employment occurs for awards granted prior to November 8, 2017.

Employment Agreements

MS. WARDELL

Adtalem entered into an employment agreement with Ms. Wardell effective as of her May 24, 2016 appointment as President and CEO. The employment agreement provides, among other things, that if her employment is terminated by Adtalem without "cause" or by Ms. Wardell with "good reason," and if she executes a release of claims, she will be entitled to a lump sum payment equal to 12 months of base salary and a prorated MIP award based on actual performance for the fiscal year and paid in a lump sum at the same time MIP awards are paid to other employees.

If such termination of employment occurs within 12 months of a "change-in-control," and she executes a release of claims, she will be entitled to (i) a lump sum payment equal to two times base salary and the average of the MIP award paid to her for the prior two fiscal years; and (ii) accelerated vesting of all outstanding stock options.

OTHER NEOs

Adtalem has entered into similar employment arrangements with each of the other NEOs, Mr. Unzicker, Mr. Beard, Ms. Boden Holland and Mr. Patel. These employment agreements provide, among other things, that if the NEO's employment with Adtalem is terminated by Adtalem without "cause" or by the NEO with "good reason", and the NEO executes a release of claims, then the NEO will be entitled to the following benefits:

- One and one-half times the sum of their base salary plus target MIP award, payable in 18 equal monthly payments;
- A pro-rated MIP award (if employed for at least six months in the fiscal year during which termination occurs) based on actual performance for the relevant fiscal year, paid in a lump sum at the time MIP awards are paid to other employees;
- 18 months of continued health benefit plan coverage at active employee rates following the termination date; and
- Access to a senior executive level outplacement program for 9 months.

In addition, the employment arrangements provide that if such termination occurs within 12 months of a "change-in-control", and the NEO executes a release of claims, then the NEO will be entitled to the following benefits:

- Two times the sum of their base salary plus target MIP award, payable in 24 equal monthly payments;
- A pro-rated MIP award (if employed for at least six months in the fiscal year during which termination occurs) based on actual performance for the relevant fiscal year, paid in a lump sum at the time MIP awards are paid to other employees;
- 24 months of continued health benefit plan coverage at active employee rates following the termination date; and
- Access to a senior executive level outplacement program for 12 months.

For purposes of all of the employment agreements:

- "cause" means (i) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, fraud, illegal drug use or breach of fiduciary duty, (ii) willful failure to perform duties as reasonably directed by the CEO, (iii) the NEO's gross negligence or willful misconduct with respect to the performance of the NEO's duties under the employment agreement, (iv) obtaining any personal profit not fully disclosed to and approved by Adtalem's Board in connection with any transaction entered into by, or on behalf of, Adtalem, or (v) any other material breach of the employment agreement or any other agreement between the NEO and Adtalem;
- "change-in-control" shall have the meaning set forth in the 2013 Incentive Plan; and
- "good reason" means, without the NEO's consent, (i) material diminution in title, duties, responsibilities or authority, (ii) reduction of base salary, MIP target or employee benefits except for across-the-board changes for executives at the NEO's level, (iii) exclusion from executive benefit/compensation plans, (iv) material breach of the employment agreement that Adtalem has not cured within 30 days after the NEO has provided Adtalem notice of the material breach which shall be given within 60 days of the NEO's knowledge of the occurrence of the material breach, or (v) resignation in compliance with securities, corporate governance or other applicable law (such as the US Sarbanes-Oxley Act) as specifically applicable to the NEO. For Mr. Beard and Ms. Boden Holland, the definition of "good reason" also includes, without the NEO's consent, requiring the NEO to relocate to an employment location more than 50 miles from the NEO's current employment location.

EQUITY AWARD PLANS

The equity award agreements under which options, RSUs and PSUs are held by employees, including the NEOs, provide for the immediate vesting of unvested options and RSUs and of PSUs at the target levels in the event of a change-in-control of Adtalem. The provisions of the equity award agreements under which options, PSUs and RSUs were granted to employees, including the NEOs, provide the following:

- If the participant's employment is terminated due to death or disability (as defined in the agreement), options will become fully vested and exercisable for the remaining term of the option, RSUs will fully vest, and PSUs will continue to vest in accordance with their terms.
- If the participant's employment terminates due to mutual agreement, the participant will be credited with one additional year of service for the purpose of determining vesting of options, PSUs and RSUs. The participant's options will remain exercisable until the earlier of one year from termination or the expiration of the term of the option. PSUs that vest following a termination will be paid out when paid out to other PSU recipients.
- If the participant's employment terminates due to retirement, options will continue to vest and be exercisable, and RSUs and PSUs will continue to vest in accordance with their respective terms. Retirement means the participant's termination without cause after age 55 when the sum of his or her age and full years of service equals or exceeds 65.

In August 2017, the Board adopted double-trigger vesting of equity awards as part of the 2013 Incentive Plan. In November 2017, Adtalem's shareholders approved the 2013 Incentive Plan. As a result, vesting of future grants of equity awards (the "Awards") will accelerate upon a change-in-control only in the event Adtalem (or its successor) ceases to be publicly traded, or the successor to Adtalem fails to assume outstanding Awards or to issue new awards in replacement of outstanding Awards. Under the new double-trigger vesting rules, newly issued Awards will vest if a participant is terminated without cause or resigns for good reason within two years following a change-in-control. All Awards issued prior to shareholder approval in November 2017 will continue to have a single-trigger vesting rules as described above.

2019 Potential Severance Payments

The tables set forth below quantify the additional benefits as described above that would be paid to each NEO under the following termination of employment or change-in-control events, had such an event occurred on June 30, 2019.

TERMINATION OF EMPLOYMENT — NO CHANGE-IN-CONTROL

Name:	Lisa W. Wardell	Patrick J. Unzicker	Stephen W. Beard	Kathy Boden Holland	Mehul R. Patel
Salary:	$1,100,000	$ 787,969	$ 880,828	$ 862,500	$ 670,800
MIP Target Amount:	—	$ 551,578	$ 616,580	$ 603,750	$ 469,560
Pro-Rated MIP:	$1,135,605	$ 370,808	$ 388,913	$ 405,226	$ 344,772
Continued Health Coverage:	—	$ 25,380	$ 25,380	$ 25,038	$ 25,380
Outplacement Services:	—	$ 11,250	$ 11,250	$ 11,250	$ 11,250
TOTAL	$2,235,605	$1,746,985	$1,922,951	$1,907,764	$1,521,762

TERMINATION OF EMPLOYMENT FOLLOWING A CHANGE-IN-CONTROL

Name:	Lisa W. Wardell	Patrick J. Unzicker	Stephen W. Beard	Kathy Boden Holland	Mehul R. Patel
Salary:	$ 2,200,000	$ 1,050,625	$1,174,438	$1,150,000	$ 894,400
MIP Target Amount:	1,163,237	$ 735,438	$ 822,106	$ 805,000	$ 626,080
Pro-Rated MIP:	$ —	$ 370,808	$ 388,913	$ 405,226	$ 344,772
Continued Health Coverage:	—	$ 33,840	$ 33,840	$ 33,384	$ 33,840
Outplacement Services:	—	$ 15,000	$ 15,000	$ 15,000	$ 15,000
Value of Vesting of Unvested Stock Options, RSUs and PSUs[(1)]:	$18,456,317	$ 2,029,591	$ 595,246	$ 841,669	$ 882,665
TOTAL:	$21,819,554	$ 4,235,302	$3,029,543	$3,250,279	$2,796,757

(1) The value of the unvested stock options is based on the difference between the exercise price and $45.05 (the closing market price of the Common Stock on June 28, 2019). The value of the RSUs and PSUs is based on the closing market price of the Common Stock on June 28, 2019. PSUs vest at the target level.

CHANGE-IN-CONTROL — NO TERMINATION OF EMPLOYMENT

Name:	Lisa W. Wardell	Patrick J. Unzicker	Stephen W. Beard	Kathy Boden Holland	Mehul R. Patel
Value of Vesting of Unvested Stock Options, RSUs and PSUs[(1)]:	$18,456,317	$2,029,591	$595,246	$841,669	$882,665

(1) The value of the unvested stock options is based on the difference between the exercise price and $45.05 (the closing market price of the Common Stock on June 28, 2019). The value of RSUs and PSUs is based on the closing market price of the Common Stock on June 28, 2019. PSUs vest at target level.

CEO PAY RATIO

Pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are required to disclose the median of the annual total compensation of all our employees (except our CEO) and the ratio of the annual total compensation of our President and CEO, Ms. Wardell, as disclosed in the 2019 Summary Compensation Table, to the annual total compensation of our median employee.

In 2018, we identified the median employee by comparing the annual salary rate of pay for all individuals, excluding our CEO, who were employed by Adtalem on June 30, 2018 using information from our company payroll system. We included all full-time and part-time employees, including adjunct faculty and federal work-study student workers, but did not include independent contractors and leased workers. Compensation was annualized for all employees who were hired by us in fiscal year 2018 but did not work for us for the entire year. No annualization was applied to any adjunct faculty or federal work-study student workers as permitted under the rules. Fiscal year 2019 annual total compensation for the median employee identified in 2018 was calculated in the same manner as reflected in the 2019 Summary Compensation Table for our CEO.

Based on the methodology described above, we have determined that our estimation of the fiscal year 2019 annual total compensation of our median employee was $33,781 and our estimation of the ratio of our CEO's fiscal year 2019 annual total compensation to the fiscal year 2019 annual total compensation of our median employee is 70:1 (210:1 on a normalized basis reflecting the annualized value of LTI for the CEO provided in fiscal year 2018).

This CEO pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules. The CEO pay ratio reported by other companies may not be comparable to our CEO pay ratio reported above, because SEC rules for identifying the median employee and calculating the pay ratio allow companies to use different methodologies, apply certain exclusions and make reasonable estimates and assumptions that reflect their compensation practices.

PROPOSAL NO. 4

Approval of Adtalem Global Education, Inc. 2019 Employee Stock Purchase Plan

Since 1993, Adtalem has offered its employees the ability to purchase Adtalem Common Stock through an Employee Stock Purchase Plan. The most recent Employee Stock Purchase Plan was approved by shareholders on November 9, 2005 and effective January 1, 2006, authorizing 200,000 shares of Common Stock for issuance thereunder (the "2005 ESPP"). From January 1, 2006 to February 28, 2019, eligible participants in the 2005 Plan purchased 450,095 shares of Common Stock causing the 2005 ESPP to be over-subscribed by 250,095 shares. Adtalem terminated the ability to purchase shares of Common Stock under the 2005 ESPP and the last purchase made through the 2005 ESPP was made on February 28, 2019. Additionally, effective March 31, 2019, Adtalem reduced the number of shares of Common Stock available under the 2013 Incentive Plan by 250,095 shares of Common Stock to reduce any potential dilution to shareholders.

The Board has adopted, subject to shareholder approval, the Adtalem Global Education Inc. Employee Stock Purchase Plan ("2019 ESPP"), under which an aggregate of five hundred thousand (500,000) shares of our Common Stock has been reserved for issuance. The 2019 ESPP is intended to qualify as an "employee stock purchase plan" under the Code. The purpose of the 2019 ESPP is to provide eligible employees with an opportunity to increase their proprietary interest in the success of Adtalem by purchasing shares of Common Stock on favorable terms and to pay for such purchases through payroll deductions. Executive officers and directors of Adtalem are not eligible to participate in the 2019 ESPP.

The Board believes that the 2019 ESPP promotes the interests of Adtalem and its shareholders by encouraging employees of Adtalem and its participating subsidiaries to become shareholders, and therefore promotes Adtalem's growth and success. The Board also believes that the opportunity to acquire a proprietary interest in the success of Adtalem through the acquisition of shares of Common Stock pursuant to the 2019 ESPP is an important aspect of Adtalem's ability to attract and retain highly qualified and motivated employees. A copy of the 2019 ESPP, as proposed, is attached to this proxy statement as Appendix B.

The following summary description of the 2019 ESPP is a summary of certain provisions and is qualified in its entirety by reference to Appendix B.

SUMMARY DESCRIPTION OF THE 2019 ESPP

Employee Stock Purchase Plan

Our Board has adopted, subject to shareholder approval, our 2019 ESPP. The ESPP is intended to give eligible employees an opportunity to acquire shares of our Common Stock and promote our best interests and enhance our long-term performance.

Purpose. The 2019 ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. We may also authorize offerings under the 2019 ESPP that are not intended to comply with the requirements of Section 423 of the Code, which may, but are not required to, be made pursuant to any rules, procedures or sub-plans adopted by the Compensation Committee for such purpose.

Shares Reserved for the 2019 ESPP. The aggregate number of shares of our Common Stock that may be issued under the 2019 ESPP may not exceed 500,000 shares.

Administration. The 2019 ESPP will be administered by the Compensation Committee. The Compensation Committee may appoint one or more agents to assist in the administration of the 2019 ESPP and may delegate certain responsibilities or powers subject to ESPP terms and applicable law. Subject to ESPP terms and applicable law, the Compensation Committee will have full and final authority to take any action with respect to the 2019 ESPP, including, without limitation, the authority to: (a) establish, amend and rescind rules and regulations for administration of the 2019 ESPP; (b) prescribe the form(s) of any agreements or other instruments used in connection with the 2019 ESPP; (c) determine the terms and provisions of the purchase rights granted under the 2019 ESPP; (d) determine eligibility and adjudicate all disputed claims filed under the 2019 ESPP; and (e) construe and interpret the 2019 ESPP, purchase rights, the rules and regulations, and the agreements or other written instruments, and to make all other determinations deemed necessary or advisable for the administration of the 2019 ESPP. The Compensation Committee may also adopt sub-plans relating to the operation and administration of the 2019 ESPP to accommodate the specific requirements of local laws and procedures for jurisdictions outside the United States, the terms of which sub-plans may take precedence over the terms of the 2019 ESPP, to the extent provided in the 2019 ESPP. To the extent inconsistent with the requirements of Section 423 of the Code, purchase rights offered under any such sub-plan will not be required by the terms of the 2019 ESPP to comply with Section 423 of the Code.

Term. The term of the 2019 ESPP will continue until terminated by the Board or until the date on which all shares available for issuance under the 2019 ESPP have been issued.

Eligible Participants. Subject to the Compensation Committee's ability to exclude certain groups of employees on a uniform and nondiscriminatory basis, including Section 16 officers, generally, all of our employees will be eligible to participate in the 2019 ESPP if they are employed by us or by a designated company (as defined below) except for (a) any employee who has been employed for less than 90 days, (b) any employee whose customary employment is for not more than five months in any calendar year, or (c) any employee who is a Section 16(a) officer and/or is subject to the disclosure requirements of the Exchange Act; *provided* that the Compensation Committee may determine prior to any purchase period start date that employees outside of the United States who are participating in a separate offering will be "eligible employees" even if they do not meet the requirements of (a), (b) or (c) above if and to the extent required by applicable law. No employee will be eligible to participate if, immediately after the purchase right grant, the employee would own stock (including any stock the employee may purchase under outstanding purchase rights) representing 5% or more of the total combined voting power or value of our Common Stock. A "designated company" is any subsidiary or affiliate of Adtalem Global Education Inc., whether now existing or existing in the future, that has been designated by the Compensation Committee from time to time in its sole discretion as eligible to participate in the 2019 ESPP. The Compensation Committee may designate subsidiaries or affiliates of Adtalem Global Education Inc. as designated companies in an offering that does not satisfy the requirements of Section 423 of the Code.

Contributions. A participant may acquire Common Stock under the 2019 ESPP by authorizing the use of contributions to purchase shares of Common Stock. Contributions must be at a rate of not less than 1% nor more than 15% (in whole percentages only) of the participant's total compensation (with certain exclusions as set forth in the 2019 ESPP or as otherwise determined by the Compensation Committee). All contributions made by a participant will be credited (without interest) to his or her account. A participant may discontinue plan participation as provided in the 2019 ESPP, but a participant may not alter the amount of his or her contributions during a purchase period. However, a participant's contribution election may be decreased to 0% at any time during a purchase period to the extent necessary to comply with Section 423 of the Code or the terms of the 2019 ESPP. A participant may not make separate cash payments into his or her account except in limited circumstances when the participant is on leave of absence or unless otherwise required by applicable law. A participant may withdraw contributions credited to his or her account during a purchase period at any time before the applicable purchase period end date.

Purchase Periods and Purchase Price. The 2019 ESPP provides for quarterly offering periods, with one purchase period in each offering period. The purchase periods shall begin and end on dates as determined by the Compensation Committee. The Compensation Committee has the authority to change the duration of a purchase period, provided that the change is announced a reasonable period of time prior to its effective date and the purchase period is not greater than 27 months.

On the first day of a purchase period, a participant will be granted a purchase right to purchase on the purchase period end date, at the applicable purchase price, the number of shares of Common Stock as is determined by dividing the amount of the participant's contributions accumulated as of the last day of the purchase period by the applicable purchase price; *provided* that (a) no participant may purchase shares of Common Stock with a fair market value (as of the date of purchase right grant) in excess of $25,000 per calendar year. The maximum number of shares that may be purchased by any single participant during any offering period shall not exceed 5,000, unless otherwise determined by the Compensation Committee.

In connection with each offering under the 2019 ESPP, the maximum number of shares that may be purchased during any single offering period shall not exceed 50,000, and, if the number of shares subject to purchase rights that would otherwise be granted during an offering period exceeds 50,000 shares, then Adtalem shall make a pro rata allocation of the number of shares subject to each participant's purchase right for that offering period in as uniform a manner as practicable and as Adtalem shall determine to be equitable, so as not to exceed the 50,000 share limitation for any offering period.

The purchase price will be no less than 85% (or such greater percentage as may be determined by the Compensation Committee prior to the start of any purchase period) of the lesser of (i) the fair market value per share of our Common Stock as determined on the applicable purchase period end date or (ii) the fair market value per share of our Common Stock as determined on the applicable purchase right grant date (provided that, in no event may the purchase price be less than the par value per share of our Common Stock). The Compensation Committee may determine prior to a purchase period to calculate the purchase price for such period solely by reference to the fair market value of a share on the applicable purchase period end date or purchase period start date, or based on the greater (rather than the lesser) of such values. It is the current intent of the Compensation Committee to set the purchase price at 90% of the lesser of (i) the fair market value per share of our Common Stock as determined on the applicable purchase period end date or (ii) the fair market value per share of our Common Stock as determined on the applicable purchase right grant date.

A participant's purchase right to purchase shares of Common Stock during a purchase period will be exercised automatically on the purchase period end date for that purchase period unless the participant withdraws at least thirty days prior to the end of the purchase period or his or her participation is terminated. On the purchase period end date, a participant's purchase right will be exercised to purchase that number of shares which the accumulated contributions in his or her account at that time will purchase at the applicable purchase price, but not in excess of the number of shares subject to the purchase right or other ESPP terms. Subject to the terms of the 2019 ESPP, a purchase right will generally terminate on the earlier of the date of the participant's termination of employment or the last day of the applicable purchase period.

Rights as Shareholder. A participant will have no rights as a shareholder with respect to our shares that the participant has a purchase right to purchase in any offering until those shares are issued to the participant.

Rights Not Transferable. A participant's rights under the 2019 ESPP will be exercisable only by the participant and are not transferable other than by will or the laws of descent or distribution.

Effect of a Change-In-Control; Adjustments. If there is any change in the outstanding shares of our Common Stock because of a change-in-control, consolidation, recapitalization or reorganization involving Adtalem Global Education Inc., or if the Board declares a stock dividend, stock split distributable in shares of Common Stock or reverse stock split, other distribution or combination or reclassification of our Common Stock, or if there is a similar change in the capital stock structure of Adtalem Global Education Inc. affecting our Common Stock, then the number and type of shares of our Common Stock reserved for issuance under the 2019 ESPP will be correspondingly adjusted and, subject to applicable law, the Compensation Committee will make such adjustments to purchase rights or to any ESPP provision as the Compensation Committee deems equitable to prevent dilution or enlargement of purchase rights or as may otherwise be advisable. In addition, in the event of a change-in-control, the Compensation Committee's discretion includes, but is not limited to, the authority to provide for any of, or a combination of any of, the following:

- assumption or substitution of purchase rights by a successor entity (or parent or subsidiary of such successor);
- selection of a date on which all outstanding purchase rights will be exercised on or before the consummation date of the change-in-control;
- termination of outstanding purchase rights and refund of accumulated contributions to each participant prior to the change-in-control; or
- continuation of outstanding purchase rights unchanged.

Amendment; Termination. The 2019 ESPP may be amended, altered, suspended and/or terminated at any time by the Board; *provided*, that approval of an amendment to the 2019 ESPP by our shareholders will be required to the extent, if any, that shareholder approval of such amendment is required by applicable law. The Compensation Committee may (subject to the provisions of Section 423 of the Code and the 2019 ESPP) amend, alter, suspend and/or terminate any purchase right granted under the 2019 ESPP, prospectively or retroactively, but (except as otherwise provided in the 2019 ESPP) such amendment, alteration, suspension or termination of a purchase right may not, without the written consent of a participant with respect to an outstanding purchase right, materially adversely affect the rights of the participant with respect to the purchase right. In addition, the Compensation Committee has unilateral authority to (a) subject to the provisions of Section 423 of the Code, amend the 2019 ESPP and any purchase right (without participant consent) to the extent necessary to comply with applicable law or changes in applicable law and (b) make adjustments to the terms and conditions of purchase rights in recognition of unusual or nonrecurring events affecting us or any parent or subsidiary corporation (each as defined under Section 424 of the Code), or our financial statements (or those of any parent or subsidiary corporation), or of changes in applicable law, or accounting principles, if the Compensation Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of benefits intended to be made available under the 2019 ESPP or necessary or appropriate to comply with applicable accounting principles or applicable law.

New Plan Benefits

Because participation in the 2019 ESPP by Adtalem's employees is entirely discretionary and benefits under the 2019 ESPP depend on the fair market value of Adtalem's Common Stock at future dates, it is not possible to determine the benefits that will be received by Adtalem's employees. Please see the disclosure under "Purchase Periods and Purchase Price" above for the maximum number of shares a participant may purchase in any single offering. Executive officers and directors of Adtalem are not eligible to participate in the 2019 ESPP.

The Board of Directors recommends a vote **FOR** the approval of the Adtalem Global Education Inc. 2019 Employee Stock Purchase Plan.

Voting Securities and Principal Holders

EQUITY COMPENSATION PLAN INFORMATION

Adtalem currently maintains two equity compensation plans: the Amended and Restated Incentive Plan of 2005 (the "2005 Incentive Plan") and the 2013 Incentive Plan. Adtalem's shareholders have approved each of these plans.

The following table summarizes information, as of June 30, 2019, relating to these equity compensation plans under which Adtalem's Common Stock is authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, awards, warrants and rights (a)[1]	Weighted-average exercise price of outstanding options, awards, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(c)[2]
Equity compensation plans approved by security holders	2,366,508	$31.33	4,736,148
Equity compensation plans not approved by security holders	—	—	—
Total	2,366,508	$31.33	4,736,148

(1) The number shown in column (a) is the number of shares that may be issued upon exercise of outstanding options and other equity awards granted under the shareholder-approved 2005 Incentive Plan (227,467 shares) and the 2013 Incentive Plan (2,139,041 shares).

(2) The number shown in column (c) is the number of shares that may be issued upon exercise of options or stock appreciation rights and other equity awards granted in the future under the 2013 Incentive Plan. All of the shares remaining available for the grant of future awards of options, warrants and rights are available under the 2013 Incentive Plan. No new awards may be granted under the 2005 Incentive Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The table below sets forth the number and percentage of outstanding shares of Common Stock beneficially owned by each person known by Adtalem to own beneficially more than 5% of our Common Stock, in each case as of September 17, 2019, except as otherwise noted.

Name	Amount and Nature of Beneficial Ownership	Percentage Ownership[1]
BlackRock, Inc.	6,812,266[2]	12.4%
The Vanguard Group	5,390,512[3]	9.8%
Dimensional Fund Advisors LP	4,897,292[4]	8.9%
William Blair Investment Management, LLC	4,808,560[5]	8.7%

(1) The percentage of beneficial ownership is based on 55,069,846 shares of Common Stock outstanding as of September 17, 2019.

(2) The information shown was provided by BlackRock, Inc. in a Schedule 13G/A it filed with the SEC on January 24, 2019, indicating its beneficial ownership as of December 31, 2018 of 6,812,266 shares. BlackRock reported that it has sole voting power over 6,666,704 of these shares and sole dispositive power over all of these shares. The address of the principal business office of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10022.

(3) The information shown was provided by The Vanguard Group in a Schedule 13G/A it filed with the SEC on February 11, 2019, indicating its beneficial ownership as of December 31, 2018 of 5,390,512 shares. The Vanguard Group reported that it has sole voting power over 57,860 of these shares, shared voting power over 7,214 of these shares, sole dispositive power over 5,331,538 of these shares and shared dispositive power over 58,974 of these shares. The address of the principal business office of The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(4) The information shown was provided by Dimensional Fund Advisors LP in a Schedule 13G/A it filed with the SEC on February 8, 2019, indicating its beneficial ownership as of December 31, 2018 of 4,897,292 shares. Dimensional Fund Advisers reported that it has sole voting power over 4,809,362 of these shares and sole dispositive power over all of these shares. The address of the principal business office of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, Texas 78746.

(5) The information shown was provided by William Blair Investment Management, LLC in a Schedule 13G/A it filed with the SEC on February 13, 2019, indicating its beneficial ownership as of December 31, 2018 of 4,808,560 shares. William Blair Investment Management reported that it has sole voting power over 4,354,080 of these shares and sole dispositive power over all of these shares. The address of the principal business office of William Blair Investment Management, LLC is 150 North Riverside Plaza, Chicago, Illinois 60606.

SECURITY OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The table below sets forth the number and percentage of outstanding shares of Common Stock beneficially owned by (1) each director of Adtalem, (2) each NEO listed on page 36, and (3) all directors and executive officers of Adtalem as a group, in each case as of September 17, 2019. Adtalem believes that each individual named has sole investment and voting power with respect to the shares of Common Stock indicated as beneficially owned by such person, except as otherwise noted. Unless otherwise indicated, the address of each beneficial owner in the table below is care of Adtalem Global Education Inc. 500 West Monroe Street, Chicago, Illinois 60661.

Name of Beneficial Owner	Common Stock Beneficially Owned Excluding Options and RSUs[1]	Stock Options Exercisable, PSUs and RSUs Scheduled to Vest within 60 days of September 17, 2019[1]	Total Common Stock Beneficially Owned	Percentage Ownership[2]
Non-Employee Directors				
Steven M. Altschuler, M.D.	—	2,230	2,230	*
William W. Burke	2,574	2,230	4,804	*
Donna J. Hrinak	—	2,230	2,230	*
Georgette Kiser	—	2,230	2,230	*
Lyle Logan	18,160	2,230	20,390	*
Michael W. Malafronte	—	—	—	*
James D. White	4,293	2,230	6,523	*
Named Executive Officers				
Lisa W. Wardell	141,152	271,494	412,646	*
Patrick J. Unzicker[3]	28,746	68,840	97,586	*
Stephen W. Beard	1,811	3,868	5,679	*
Kathy Boden Holland	3,849	3,868	7,717	*
Mehul R. Patel	1,049	4,781	5,830	*
All directors and executive officers as a group (19 Persons)	264,591	539,402	803,993	1.46%

* Represents less than 1% of the outstanding Common Stock.

(1) "Common Stock Beneficially Owned Excluding Options and RSUs" includes stock held in joint tenancy, stock owned as tenants in common, stock owned or held by spouse or other members of the holder's household, and stock in which the holder either has or shares voting and/or investment power, even though the holder disclaims any beneficial interest in such stock. Options exercisable, PSUs and RSUs that are scheduled to vest within 60 days after September 17, 2019 are shown separately in the "Stock Options Exercisable, PSUs and RSUs Scheduled to Vest within 60 days of September 17, 2019" column.

(2) In accordance with SEC rules, the securities reflected in the "Stock Options Exercisable, PSUs and RSUs Scheduled to Vest within 60 days of September 17, 2019" column are deemed to be outstanding for purposes of calculating the percentage of outstanding securities owned by such person but are not deemed to be outstanding for the purpose of calculating the percentage owned by any other person. The percentages of beneficial ownership set forth below are calculated as of September 17, 2019 based on outstanding shares of 55,069,846.

(3) Mr. Unzicker resigned effective August 30, 2019.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Exchange Act requires that Adtalem's directors and executive officers file reports of ownership and changes in ownership of Common Stock with the SEC. Based solely upon a review of copies of such reports and written representations regarding the timely filing, each of Adtalem's executive officers and directors complied with all Section 16(a) filing requirements applicable to them during fiscal year 2019, with the exception of Ms. Hrinak, Mr. Unzicker and Mr. Beard. Ms. Hrinak's initial ownership report on Form 3 was inadvertently untimely when filed on October 19, 2018. Each of Mr. Unzicker and Mr. Beard inadvertently were not timely when reporting one transaction on August 24, 2018 and August 27, 2018, respectively.

Additional Information

VOTING INSTRUCTIONS

You may vote shares of Common Stock that you owned as of September 17, 2019, which is the record date for the Annual Meeting. You may vote the following ways:

BY TELEPHONE
In the United States or Canada, you can vote your shares by calling 1-800-690-6903

BY INTERNET
You can vote your shares online at www.proxyvote.com

BY MAIL
You can vote by mail by marking, dating and signing your proxy card or voting instruction form and returning it in the accompanying postage-paid envelope

IN PERSON
Attend our Annual Meeting in Phoenix, Arizona and cast your vote in person.

For telephone and internet voting, you will need the 12-digit control number included on your proxy card or in the instructions that accompanied your proxy materials.

Telephone and internet voting are available through 11:59 p.m. Eastern Time on Tuesday, November 5, 2019.

Voting at the Annual Meeting

The way you vote your shares prior to the Annual Meeting will not limit your right to change your vote at the Annual Meeting if you attend in person and vote by ballot. If you hold shares in street name and you want to vote in person at the Annual Meeting, you must obtain a valid legal proxy from the record holder of your shares at the close of business on the record date indicating that you were a beneficial owner of shares, as well as the number of shares of which you were the beneficial owner, on the record date, and appointing you as the record holder's proxy to vote these shares. You should contact your bank, broker or other intermediary for specific instructions on how to obtain a legal proxy.

Record Date

You may vote all shares of Common Stock that you owned as of the close of business on September 17, 2019, which is the record date for the Annual Meeting. On the record date, we had 55,069,846 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

Ownership of Shares

You may own shares of Common Stock in one or more of the following ways:

- Directly in your name as the shareholder of record, including shares purchased through our Colleague Stock Purchase Plan or restricted stock unit awards issued to employees under our long-term incentive plans.
- Indirectly through a broker, bank or other intermediary in "street name."
- Indirectly through the Adtalem Stock Fund of our Success Sharing Retirement Plan.

Your shares are registered directly in your name, you are the holder of record of these shares and we are sending proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to our tabulating agent. If you hold your shares in street name, your broker, bank, or other intermediary is sending proxy materials to you and you may direct them how to vote on your behalf by completing the voting instruction form that accompanies your proxy materials.

Revocation of Proxies

You can revoke your proxy at any time before your shares are voted at the Annual Meeting if you:

- Submit a written revocation to our Chief Operating Officer, General Counsel and Corporate Secretary,
- Submit a later-dated proxy or voting instruction form,
- Provide subsequent telephone or Internet voting instructions, or
- Vote in person at the Annual Meeting.

If you sign and return your proxy card or voting instruction form without any voting instructions with respect to a matter, your shares will be voted by the proxy committee appointed by the Board (and each of them, with full powers of substitution) in accordance with the Board's recommendation. With respect to any other matters properly presented at the Annual Meeting, the proxy committee appointed by the Board (and each of them, with full powers of substitution) will vote in accordance with the Board's recommendation, or if no recommendation is given, in their own discretion.

VOTING INFORMATION

Effect of Not Casting Your Vote

If you hold your shares in street name, you will receive a voting instruction form that lets you instruct your bank, broker, or other nominee how to vote your shares. Under NYSE rules, brokers are permitted to exercise discretionary voting authority on "routine" matters when voting instructions are not received from a beneficial owner ten days prior to the shareholder meeting. The only "routine" matter on this year's Annual Meeting agenda is Proposal No. 2 (Ratify selection of PwC as independent registered public accounting firm).

If you hold your shares in street name, and you wish to have your shares voted on all matters in this Proxy Statement, please complete and return your voting instruction form. If you do not return your voting instruction form, your shares will not be voted on any matters with the exception that your broker may vote in its discretion on Proposal No. 2. If you are a shareholder of record and you do not cast your vote, your shares will not be voted on any of the proposals at the Annual Meeting, which will have no the effect on the outcome.

If you are the holder of record of your shares, if you return your proxy to us by any of these means outlined above under the heading "Voting Instructions" without choices for each proposal, the proxy committee appointed by the Board will vote your shares on the unmarked proposals in the same proportion as shares for which instructions have been received. Abstentions, directions to withhold authority and broker non-votes (where a named entity holds shares for a beneficial owner who has not provided voting instructions) will be considered present at the Annual Meeting for purposes of a quorum.

Quorum and Required Vote

We will have a quorum and will be able to conduct the business of the Annual Meeting if the holders of a majority of the votes that shareholders are entitled to cast are present at the Annual Meeting, either in person or by proxy. For the 2019 Annual Meeting, to elect directors and adopt the other proposals, the following votes are required under our governing documents and Delaware corporate law:

	PROPOSAL	VOTE REQUIRED	EFFECT OF ABSTENTION	EFFECT OF BROKER NON-VOTE*
1	**Election of directors**	Approval of the majority of shares represented at the Annual Meeting	Treated as vote against	No effect on the outcome
2	**Ratify selection of PwC as independent registered public accounting firm**	Approval of the majority of shares represented at the Annual Meeting	Treated as vote against	No effect on the outcome
3	**Advisory vote to approve the compensation of our named executive officers****	Approval of the majority of shares represented at the Annual Meeting	Treated as vote against	No effect on the outcome
4	**Approve Adtalem Global Education Inc. 2019 Employee Stock Purchase Plan**	Approval of the majority of shares represented at the Annual Meeting	Treated as vote against	No effect on the outcome

* A broker non-vote occurs when a broker submits a proxy but does not vote for an item because it is not a "routine" item and the broker has not received voting instructions from the beneficial owner. As described under "Effect of Not Casting Your Vote" above, your broker may vote in its discretion only on Proposal No. 2, ratify selection of PwC as independent registered public accounting firm. Because brokers are entitled to vote on Proposal No. 2 without voting instructions from the beneficial owner, there will be no broker non-votes on this proposal.

** Advisory/Non-binding. In accordance with Adtalem's Restated Certificate of Incorporation, a majority of the shares represented at the Annual Meeting must be voted "FOR." Notwithstanding the foregoing, Adtalem will take into account the weight of investor support for the compensation for its NEOs based on the percentage of shares that are present in person or represented by proxy at the meeting and entitled to vote on the proposal that have voted "FOR" the proposal. In evaluating the weight of investor support for the compensation of Adtalem's NEOs, abstentions will be counted as shares present at the meeting and will have the effect of a vote against the proposal. Broker non-votes will not be counted as shares entitled to vote on the matter and will have no impact on the vote's outcome.

PROXY SOLICITATION

Officers and other employees of Adtalem may solicit proxies by mail, personal interview, telephone, facsimile, electronic means, or via the Internet without additional compensation. None of these individuals will receive special compensation for soliciting votes, which will be performed in addition to their regular duties, and some of them may not necessarily solicit proxies. Adtalem also has made arrangements with brokerage firms, banks, record holders, and other fiduciaries to forward proxy solicitation materials to the beneficial owners of shares they hold on your behalf. Adtalem will reimburse these intermediaries for reasonable out-of-pocket expenses. We have hired Alliance Advisors, to help us distribute and solicit proxies. Adtalem will pay them $24,000 plus expenses for these services. Adtalem will pay the cost of all proxy solicitation.

SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

Shareholder proposals intended to be presented at the 2020 Annual Meeting of Shareholders in reliance on Rule 14a-8 under the Exchange Act must be received by Adtalem no later than June 6, 2020, to be eligible for inclusion in the proxy statement and form of proxy for the meeting. Any such proposal also must meet the other requirements of the rules of the SEC relating to shareholder proposals. Also, under Adtalem's By-Laws, other proposals and director nominations by shareholders that are not included in the proxy statement will be considered timely and may be eligible for presentation at that meeting only if they are received by Adtalem in the form of a written notice, directed to the attention of Adtalem's Secretary, not later than August 7, 2020. The notice must contain the information required by the By-Laws.

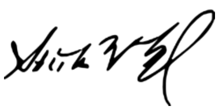
AVAILABILITY OF FORM 10-K

A copy of Adtalem's 2019 Annual Report on Form 10-K (including the financial statements and financial statement schedules), as filed with the SEC, may be obtained without charge upon written request to the attention of Adtalem's Chief Operating Officer, General Counsel and Corporate Secretary at Adtalem Global Education Inc., 500 West Monroe Street, Chicago, IL 60661. A copy of Adtalem's Form 10-K and other periodic filings also may be obtained on Adtalem's investor relations website at investors.adtalem.com and from the SEC's EDGAR database at www.sec.gov.

OTHER BUSINESS

The Board is aware of no other matter that will be presented for action at this Annual Meeting. If any other matter requiring a vote of the shareholders properly comes before the Annual Meeting, the proxy committee will vote and act according to their best judgment.

By Order of the Board of Directors



Stephen W. Beard
Chief Operating Officer, General Counsel and Corporate Secretary

Appendix A – Summary of Special Items Excluded for Performance Assessment

The Compensation Committee has the discretion to adjust the financial inputs used in calculating the target award percentages for the MIP and long-term incentive plans. The Compensation Committee evaluates potential adjustments using the following framework:

1. Align treatment with shareholders' view of results;
2. Encourage management to make the best long-term decisions for Adtalem's stakeholders; and
3. Remain generally consistent with past practice.

Return on Invested Capital ("ROIC"), which is used as a performance threshold for PSUs granted in fiscal years 2017, 2018 and 2019 and is expressed as a percentage, is calculated as Adjusted Net Income divided by the average of the beginning and ending balances of the summation of Long-term Debt and Shareholders' Equity.

RECONCILIATION OF FISCAL YEAR 2019 ADJUSTED NET INCOME AND EARNINGS PER SHARE FOR PERFORMANCE ASSESSMENTS TO REPORTED NET INCOME AND EARNINGS PER SHARE

For fiscal year 2019, Adtalem's calculation of Adjusted Net Income, which is a performance metric factoring in ROIC, and Adjusted Earnings per Share, which is a performance metric factoring in the determination of MIP payouts, were adjusted from reported Net Income and Earnings per Share for the following special items:

- Exclusion of restructuring charges, including asset write-offs, primarily related to the closing of the Ross University School of Medicine campus in Dominica, and real estate consolidations and workforce reductions at Adtalem Brazil and Adtalem's home office;
- Exclusion of insurance settlement gain related to the final proceeds received for damages from Hurricanes Irma and Maria at American University of the Caribbean School of Medicine and Ross University School of Medicine;
- Exclusion of a gain related to a lawsuit settlement against the Adtalem Board;
- Exclusion of adjustments to the preliminary income tax charges related to implementation of the Tax Cuts and Jobs Act of 2017 and tax charges relating to the sale of DeVry University;
- Exclusion of discontinued operations; and
- Exclusion of the results of OCL acquired in the second half of fiscal year 2019 (for MIP payout only).

The following table reconciles these adjustments to the most directly comparable GAAP information:

	in thousands	per share
Net Income and Earnings per Share, as reported	$ 95,168	$ 1.60
Exclusions:		
Restructuring charges (pretax)	$ 55,925	$ 0.94
Settlement Gains (pretax)	$ (26,178)	$(0.44)
Tax cuts and jobs act of 2017 and tax charges relating to divestiture of DeVry University	$ 3,584	$ 0.06
Income tax impact of above exclusions	$ (1,732)	$(0.03)
Discontinued operations (after tax)	$ 40,443	$ 0.68
Net Income and Earnings Per Share, as adjusted for determination of ROIC	$ 167,210	$ 2.82
Net Loss from OCL acquired in the second half of fiscal year 2019	$ 944	$ 0.02
Net Income and Earnings Per Share, as adjusted for determination of MIP payout	$ 168,154	$ 2.84
Long-term Debt and Shareholder's Equity:		
Fiscal year 2019, as reported	$1,798,530	
Fiscal year 2018, as reported	$1,819,286	
Average for determination of ROIC	$1,808,908	
ROIC	9.2%	

FISCAL YEAR 2019 FCF PER SHARE FOR PERFORMANCE ASSESSMENTS

	(in thousands, except per share amounts)
Net Cash Provided by Operating Activities-Continuing Operations	$ 226,449
Capital Expenditures	$ (64,751)
Free Cash Flow ("FCF")	$ 161,698
Diluted Shares	59,330
FCF per Share	$ 2.73

RECONCILIATION OF FISCAL YEAR 2018 ADJUSTED NET INCOME AND EARNINGS PER SHARE FOR PERFORMANCE ASSESSMENTS TO REPORTED NET INCOME AND EARNINGS PER SHARE

For fiscal year 2018, Adtalem's calculation of Adjusted Net Income, which is a performance metric factoring in ROIC, and Adjusted Earnings per Share, which is a performance metric factoring in determination of MIP payouts, were adjusted from reported Net Income and Earnings per Share for the following special items:

- Exclusion of restructuring charges related to real estate consolidations and workforce reductions at DeVry University, Carrington College, the medical and veterinary schools, Becker Professional Education and Adtalem's home office to align its cost structure with operating changes;
- Exclusion of income tax charges related to implementation of the Tax Cuts and Jobs Act of 2017;
- Exclusion of a net tax benefit for the loss on Adtalem's investment in Carrington College;
- Exclusion of deductibles on insurance policies resulting from Hurricanes Irma and Maria affecting operations at American University of the Caribbean School of Medicine and Ross University School of Medicine; and
- Exclusion of separation costs incurred for the pending sale of DeVry University.

The following table reconciles these adjustments to the most directly comparable GAAP information:

	in thousands	per share
Net Income and Earnings per Share, as reported	$ 33,769	$ 0.54
Exclusions:		
Restructuring charges (pretax)	$ 23,804	$ 0.38
Tax cuts and jobs act of 2017	$ 103,878	$ 1.67
Net tax benefit on Carrington College loss	$ (48,903)	$(0.79)
Asset impairment charges (pretax)	$ 96,013	$ 1.54
Income tax impact of above exclusions	$ (41,011)	$(0.66)
Hurricane deductibles (after tax)	$ 11,567	$ 0.19
DeVry University separation costs (after tax)	$ 11,154	$ 0.18
Adjusted Net Income and Earnings per Share	$ 190,271	$ 3.06
Long-term Debt and Shareholder's Equity:		
Fiscal year 2018, as reported	$1,819,286	
Fiscal year 2017, as reported	$1,794,039	
Average for determination of ROIC	$1,806,663	
ROIC	10.5%	

RECONCILIATION OF FISCAL YEAR 2017 ADJUSTED NET INCOME FOR PERFORMANCE ASSESSMENTS TO REPORTED NET INCOME

For fiscal year 2017, Adtalem's calculation of Adjusted Net Income, which is a performance metric factoring in the determination of MIP payouts and long-term incentive plans, were adjusted from reported Net Income for the following special items:

- Exclusion of a charge related to an asset fair value write-down of its Pomona, California campus;
- Exclusion of restructuring charges related to real estate consolidations and reduction in force ("RIF") at DeVry University, Carrington College, the administrative support operations of the medical and veterinary schools and Adtalem's home office in order to align its cost structure with enrollments; and
- Exclusion of charges arising from the settlement agreements with the Federal Trade Commission and the Office of the Attorney General of the State of New York.

The following table reconciles these adjustments to the most directly comparable GAAP information:

	in thousands
Net Income, as reported	$ 122,283
Exclusions:	
Loss from real estate held for sale (pretax)	$ 4,764
Restructuring charges (pretax)	$ 29,825
Regulatory settlements (pretax)	$ 56,252
Income tax impact of above exclusions	$ (34,721)
Net Income, as adjusted for determination of ROIC and MIP Payout	$ 178,403
Long-term Debt and Shareholder's Equity:	
Fiscal year 2017, as reported	$1,794,039
Fiscal year 2016, as reported	$1,582,087
Average for determination of ROIC	$1,688,063
ROIC	10.6%

Appendix B – Adtalem Global Education Inc. Employee Stock Purchase Plan

1. PURPOSE

The purpose of the Adtalem Global Education Inc. Employee Stock Purchase Plan is to give Eligible Employees of the Company and certain Designated Companies an opportunity to purchase shares of the common stock of the Company. The Company intends that the Plan to qualify as an "employee stock purchase plan" under Code Section 423 of the Code (each such Offering, a "Section 423 Offering"). Any provisions required to be included in the Plan under Code Section 423 are hereby included as fully as though set forth in the Plan. Notwithstanding the foregoing, the Committee may also authorize Offerings that are not intended to comply with the requirements of Code Section 423, which may, but are not required to, be made pursuant to any rules, procedures, or sub-plans (collectively, "Sub-Plans") adopted by the Committee for such purpose (each, a "Non-Section 423 Offering").

2. DEFINITIONS

Any term not expressly defined in the Plan but defined for purposes of Section 423 of the Code will have the same definition here. In addition to terms defined elsewhere in the Plan, the following terms will have the meanings given below unless the Committee determines otherwise. The capitalized terms used in this Plan have the meanings set forth below, or as otherwise defined herein.

(a) "Affiliate" means any entity, other than a Subsidiary, that directly or through one or more intermediaries is controlled by, or is under common control with, the Company, as determined by the Committee.

(b) "Applicable Law" means any applicable laws, rules and regulations (or similar guidance), including but not limited to the General Corporation Law of the State of Delaware, the Securities Act, the Exchange Act, the Code and the listing or other rules of any applicable stock exchange, and the applicable laws of any foreign country or jurisdiction where Purchase Rights are, or will be, granted under the Plan. References to any applicable laws, rules and regulations, including references to any sections or other provisions of applicable laws, rules and regulations also refer to any successor or amended provisions unless the Committee determines otherwise. Further, references to any section of a law shall be deemed to include any regulations or other interpretive guidance under such section, unless the Committee determines otherwise"

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock; or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (clauses (A) and (B), the "Outstanding Company Voting Securities"); *provided, however*, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any of its Subsidiaries; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any of its Subsidiaries; or (III) in respect of a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);

(ii) during any period of twenty-four (24) months, individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent

Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(iii) the sale, transfer or other disposition of all or substantially all of the business or assets of the Company and its Subsidiaries (taken as a whole); or

(iv) the consummation of a reorganization, recapitalization, merger, consolidation, or other similar transaction involving the Company (a "Business Combination"), unless immediately following such Business Combination, 50% or more of the total voting power of the entity resulting from such Business Combination (or, if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the board of directors (or the analogous governing body) of such resulting entity) is held by the holders of the Outstanding Company Voting Securities immediately prior to such Business Combination.

(e) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(f) "Committee" means the Compensation Committee of the Board, which has authority to administer the Plan pursuant to Section 3. All references to the Committee in the Plan shall include any administrator, including management of the Company or its subsidiaries or affiliates, to which the Committee has delegated any part of its responsibilities and powers pursuant to Section 3(b).

(g) "Common Stock" means shares of the common stock of the Company, par value $0.01 per share, and any successor securities.

(h) "Company" means Adtalem Global Education Inc., a Delaware corporation, and any successor thereto.

(i) "Compensation" means, unless otherwise determined by the Committee, a Participant's base salary and wages, and may include other items of cash earnings, including bonuses, commissions and other forms of incentive compensation, paid tips (other than cash tips), gratuities, and service charges (but excluding gifts, prizes, awards, relocation payments, severance, or similar elements of compensation), determined as of the date of the Contribution or such other date or dates as may be determined by the Committee.

(j) "Contributions" means the amount of Compensation contributed by a Participant through payroll deductions; provided, however, that "Contributions" may also include other payments to fund the exercise of a Purchase Right to purchase shares of Common Stock under the Plan to the extent payroll deductions are not permitted by Applicable Law, as determined by the Company in its sole discretion.

(k) "Designated Company" means the Company or any Subsidiary or Affiliate, whether now existing or existing in the future, that has been designated by the Committee from time to time in its sole discretion as eligible to participate in the Plan. The Committee may designate Subsidiaries or Affiliates as Designated Companies in a Non-Section 423 Offering. For purposes of a Section 423 Offering, only the Company and its Subsidiaries may be Designated Companies; provided, however, that at any given time, a Subsidiary that is a Designated Company under a Section 423 Offering will not be a Designated Company under a Non-Section 423 Offering.

(l) "Eligible Employee" means any Employee of a Designated Company except (unless otherwise determined by the Committee):

(i) an Employee who is a Section 16(a) officer and/or is subject to the disclosure requirements of the Exchange Act,

(ii) any Employee who has been employed for less than 90 days,

(iii) any Employee whose customary employment is for not more than five months in any calendar year; provided, however, that Employees of a participating Company may be Eligible Employees even if their customary employment is less than five months per calendar year, to the extent required by local law.

(m) No Employee shall be granted a Purchase Right under the Plan if, immediately after such grant, the Employee would own or hold options to purchase stock of the Company or a Related Corporation possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of such corporation, as determined in accordance with Section 423(b)(3) of the Code. For these purposes, the attribution rules of Section 424(d) of the Code shall apply in determining the stock owners of such Employee. For purposes of a Non-Section 423-Offering, the provisions of Section 5(h) shall apply.

(n) "Employee" means an employee of the Company or a Subsidiary or Affiliate.

(o) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

(p) "Fair Market Value" means, unless the Committee determines otherwise, on a given date (the "valuation date"), (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported or (ii) if the Common Stock is not listed on a national securities exchange, then Fair Market Value will determined by the Committee in good faith. No determination made with respect to the Fair Market Value of the Common Stock subject to a Purchase Right shall be inconsistent with Code Section 423 in the case of a Section 423 Offering.

(q) "Grant Date" means the date of grant of a Purchase Right in accordance with the terms of the Plan. The Grant Date shall be the Purchase Period Start Date with respect to each Purchase Period.

(r) Offering" means a Section 423 Offering or a Non-Section 423 Offering of a Purchase Right to purchase shares of Common Stock under the Plan during a Purchase Period. Unless otherwise specified by the Committee, each Offering to the Eligible Employees of the Company or a Designated Company shall be deemed a separate Offering, even if the dates and other terms of the applicable Purchase Periods of each such Offering are identical, and the provisions of the Plan will separately apply to each such Offering. With respect to Section 423 Offerings, the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy Code Section 423 of the Code and the United States Treasury Regulations thereunder; a Non-Section 423 Offering need not satisfy such regulations.

(s) "Parent" means any present or future corporation which would be a parent corporation as that term is defined in Code Section 424.

(t) "Participant" means an Eligible Employee who is a participant in the Plan.

(u) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(v) "Plan" means the Adtalem Global Education Inc. Employee Stock Purchase Plan, as it may be amended and/or restated.

(w) "Purchase Date" means the date of exercise of a Purchase Right granted under the Plan. The Purchase Date shall be the Purchase Period End Date with respect to each Purchase Period.

(x) "Purchase Period" means, unless otherwise determined by the Committee, each three month period during which an offering to purchase shares of Common Stock is made to Eligible Employees pursuant to the Plan. Unless otherwise determined by the Committee there shall be four quarterly Purchase Periods in each calendar year. Notwithstanding the foregoing, the first Purchase Period after the Effective Date of the Plan shall begin and end on the dates determined by the Committee or its designees in its or their discretion. Further, the Committee shall have the power to change the duration of Purchase Periods (including the Purchase Period Start Date and the Purchase Period End Date for any Purchase Period) with respect to any Offering, provided such change is announced a reasonable period of time prior to the effective date of such change, and, provided further, that in no event shall a Purchase Period be greater than 27 months.

(y) "Purchase Period End Date" means the last day of each Purchase Period. Unless otherwise determined by the Committee, the Purchase Period End Dates shall be the last day of each month.

(z) "Purchase Period Start Date" means the first day of each Purchase Period. Unless otherwise determined by the Committee, the Purchase Period Start Dates shall be the first day of each month.

(aa) "Purchase Price" means the price per share of Common Stock subject to a Purchase Right, as determined in accordance with Section 6(b).

(bb) "Purchase Right" means an option granted hereunder which entitles a Participant to purchase shares of Common Stock in accordance with the terms of the Plan.

(cc) "Related Corporation" means a Parent or Subsidiary as defined under Code Section 424.

(dd) "Securities Act" means the U.S. Securities Act of 1933, as amended.

(ee) "Subsidiary" means any present or future corporation which is or would be a "subsidiary corporation" of the Company as that term is defined in Code Section 424.

(ff) "Tax-Related Items" means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising in relation to a Participant's participation in the Plan.

3. ADMINISTRATION

(a) The Plan shall be administered by the Committee, unless the Board elects to assume administration of the Plan in whole or in part. References to the "Committee" include the Board if it is acting in an administrative capacity with respect to the Plan. Committee members shall be intended to qualify as "independent directors" (or terms of similar meaning) if and to the extent required under Applicable Law. However, the fact that a Committee member shall fail to qualify as an independent director shall not invalidate any Purchase Right or other action taken by the Committee under the Plan.

(b) In addition to action by meeting in accordance with Applicable Law, any action of the Committee may be taken by a written instrument signed by all of the members of the Committee and any action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. Subject to the provisions of the Plan and Applicable Law, the Committee shall have full and final authority, in its discretion, to take any action with respect to the Plan, including, without limitation, the following: (i) to establish, amend and rescind rules and regulations for the administration of the Plan; (ii) to prescribe the form(s) of any agreements or other instruments used in connection with the Plan; (iii) to determine the terms and provisions of the Purchase Rights granted under the Plan; (iv) determine eligibility and adjudicate all disputed claims filed under the Plan, including whether Eligible Employees shall participate in a Section 423 Offering or a Non-Section 423 Offering and which Subsidiaries and Affiliates shall be Designated Companies participating in either a Section 423 Offering or a Non-Section 423 Offering; and (v) to construe and interpret the Plan, the Purchase Rights, the rules and regulations, and the agreements or other written instruments, and to make all other determinations necessary or advisable for the administration of the Plan, including, without limitation, the adoption of such Sub-Plans as are necessary or appropriate to permit the participation in the Plan by Eligible Employees who are foreign nationals or employed outside the United States, as further set forth in Section 3(c) below. The determinations of the Committee on all matters regarding the Plan shall be conclusive. Except to the extent prohibited by the Plan or Applicable Law, and subject to such terms and conditions as may be established by the Committee, the Committee may appoint one or more agents to assist in the administration of the Plan and may delegate any part of its responsibilities and powers to any such person or persons appointed by it. No member of the Board or Committee, as applicable, shall be liable while acting as administrator for any action or determination made in good faith with respect to the Plan or any Purchase Right granted thereunder.

(c) Notwithstanding any provision to the contrary in this Plan, the Committee may adopt such Sub-Plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States, the terms of which Sub-Plans may take precedence over other provisions of this Plan, with the exception of Section 4 hereof, but unless otherwise superseded by the terms of such Sub-Plan, the provisions of this Plan shall govern the operation of such Sub-Plan. To the extent inconsistent with the requirements of Code Section 423, any such Sub-Plan shall be considered part of a Non-Section 423 Offering, and Purchase Rights granted thereunder shall not be required by the terms of the Plan to comply with Code Section 423. Without limiting the generality of the foregoing, the Committee is authorized to adopt Sub-Plans for particular non-U.S. jurisdictions that modify the terms of the Plan to meet applicable local requirements regarding, without limitation, (i) eligibility to participate, (ii) the definition of Compensation, (iii) the dates and duration of Purchase Periods or other periods during which Participants may make Contributions towards the purchase of shares of Common

Stock, (iv) the method of determining the Purchase Price and the discount from Fair Market Value at which shares of Common Stock may be purchased, (v) any minimum or maximum amount of Contributions a Participant may make during a Purchase Period or other specified period under the applicable Sub-Plan, (vi) the treatment of Purchase Rights upon a Change in Control or a change in capitalization of the Company, (vii) the handling of payroll deductions, (viii) establishment of bank, building society or trust accounts to hold Contributions, (ix) payment of interest, (x) conversion of local currency, (xi) obligations to pay payroll tax, (xii) determination of beneficiary designation requirements, (xiii) withholding procedures and (xiv) handling of share issuances.

4. SHARES SUBJECT TO PLAN; LIMITATIONS ON PURCHASES AND PURCHASE RIGHTS

(a) Shares Subject to Plan. The aggregate number of shares of Common Stock available for the issuance of shares pursuant to the Plan 500,000 shares, subject to adjustment pursuant to Section 10. Shares of Common Stock distributed pursuant to the Plan shall be authorized but unissued shares, treasury shares or shares purchased on the open market or by private purchase. For avoidance of doubt, up to the maximum number of shares of Common Stock reserved under this Section 4(a) may be used to satisfy purchases of shares under Section 423 Offerings and any remaining portion of such maximum number of Shares may be used to satisfy purchases of shares under Non-423 Offerings. The Company hereby reserves sufficient authorized shares of Common Stock to provide for the exercise of Purchase Rights granted hereunder. In the event that any Purchase Right granted under the Plan expires unexercised or is terminated, surrendered or canceled without being exercised, in whole or in part, for any reason, the number of shares of Common Stock subject to such Purchase Right shall again be available for issuance under the Plan and shall not reduce the aggregate number of shares of Common Stock available for the grant of Purchase Rights or issuance under the Plan as set forth in the Plan.

(b) Limitations on Purchases and Purchase Rights. If, on a given Purchase Period End Date, the number of shares of Common Stock with respect to which Purchase Rights are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable, and in no event shall the number of shares offered for purchase during any Purchase Period exceed the number of shares then available under the Plan. In addition, the maximum number of shares that may be purchased during any single Purchase Period shall not exceed 50,000 shares (subject to adjustment as provided in Section 10), and, if the number of shares subject to Purchase Rights that would otherwise be granted during a Purchase Period based on accumulated Contributions under Section 6(a) exceeds 50,000 shares, then the Company shall make a pro rata allocation of the number of shares subject to each Participant's Purchase Right for that Purchase Period in as uniform a manner as practicable and as the Company shall determine to be equitable, so as not to exceed the 50,000 share limitation for any Purchase Period. Further, the maximum number of shares that may be purchased by any single Participant during any Purchase Period shall not exceed 5,000 shares (subject to adjustment as provided in Section 10), unless otherwise determined by the Committee. In the event that any pro rata allocation is made pursuant to this Section 4(b), any Contributions of a Participant not applied to the purchase of shares during such Purchase Period shall be returned to such Participant (without interest, unless otherwise required by Applicable Law). Notwithstanding the foregoing, the Committee has authority, by resolution or otherwise, to modify the foregoing limitation on the number of shares of Common Stock that may be purchased by a Participant in any particular Purchase Period.

5. ELIGIBILITY AND PARTICIPATION

(a) General. Purchase Rights may only be granted to Eligible Employees of the Company or a Designated Company.

(b) Initial Eligibility. Any Eligible Employee who has completed 90 days' employment and is employed by the Company or a Designated Company will be eligible to be a Participant during any Purchase Period that begins on or after the end such 90-day period. An Employee who becomes an Eligible Employee on or after a Purchase Period Start Date will not be eligible to participate in such Purchase Period but may participate in any subsequent Purchase Period, provided such Employee is still an Eligible Employee as of the Purchase Period Start Date of such subsequent Purchase Period.

(c) Leave of Absence. For purposes of participation in the Plan, a person on leave of absence shall be deemed to be an Employee for the first 90 days of such leave of absence and such Employee's employment shall be deemed to have terminated at the close of business on the 90th day of such leave of absence unless such Employee shall have returned to regular full-time or part-time employment (as the case may be) prior to the close of business on such 90th day or unless such Employee has a right to reemployment that is guaranteed either by statute or contract (including, for the avoidance of doubt, any guaranteed right to reemployment provided under any non-US law, contract or policy). Termination by the Company of any Employee's leave of absence, other than termination of such leave of absence on return to full-time or part-time employment, shall terminate an Employee's employment for all purposes of the Plan and shall terminate such Employee's participation in the Plan and right to exercise any Purchase Right, unless such Employee has a right to reemployment that is guaranteed either by statute or contract.

(d) Commencement of Participation. An Eligible Employee shall become a Participant by completing an authorization for Contributions on the form provided by the Committee (and such other documents as may be required by the Committee) and delivering such forms and documents to the Committee or an agent designated by the Committee on or before the date set therefor by the Committee, which date shall be prior to the Purchase Period Start Date for the applicable Purchase Period. Contributions for a Participant during a Purchase Period shall commence on the applicable Purchase Period Start Date when the authorization for a Contribution becomes effective and shall continue for successive Purchase Periods during which the Participant is eligible to participate in the Plan, unless authorizations are withdrawn or participation is terminated, as provided in Section 8.

(e) Amount of Contributions; Determination of Compensation. At the time a Participant files an authorization for Contributions, a Participant shall elect to have deductions or other Contributions made from the Participant's pay on each payday while participating in a Purchase Period at a rate of not less than 1% nor more than 15% (in whole percentages only) of Compensation. Such Compensation rates shall be determined by the Committee in a nondiscriminatory manner consistent with the provisions of Code Section 423 in the case of a Section 423 Offering.

(f) Participant's Account; No Interest. All Contributions made by a Participant shall be credited to the Participant's account under the Plan. A Participant may not make any separate cash payment into such account unless otherwise required by Applicable Law. In no event shall interest accrue on any Contributions made by a Participant, unless otherwise required by Applicable Law.

(g) Changes in Payroll Deductions. A Participant may withdraw, terminate or discontinue participation in the Plan as provided in Section 8, but no other change can be made during a Purchase Period except as follows: (1) a Participant may reduce the amount of Contributions for a Purchase Period one time during such Purchase Period (no later than 30 days prior to the end of the Purchase Period) and (2) to the extent necessary to comply with the limitation of Code Section 423(b)(8), or Section 2(l), Section 4 and/or Section 12(a) of the Plan, a Participant's Contribution election may be decreased to 0% at any time during a Purchase Period. In such event, Contributions shall continue at the newly elected rate with respect to the next Purchase Period, unless otherwise provided under the terms of the Plan or as otherwise determined by the Committee.

(h) Special Eligibility Rules for Foreign Participants. Notwithstanding the provisions of Section 2(l), Eligible Employees who are citizens or residents of a foreign jurisdiction (without regard to whether they are also citizens of the United States or resident aliens) may be excluded from the Plan or an Offering if (i) the grant of a Purchase Right under the Plan or Offering to a citizen or resident of the foreign jurisdiction is prohibited under Applicable Law; or (ii) compliance with the Applicable Law would cause the Plan or Offering to violate the requirements of Code Section 423. In the case of a Non-Section 423 Offering, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Committee has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practicable for any reason. Further, notwithstanding the provisions of Section 2(l), an Employee who does not otherwise qualify as an Eligible Employee may, in the Committee's discretion, participate in a Non-Section 423 Offering if and to the extent required by Applicable Law.

6. GRANTS OF PURCHASE RIGHTS

(a) Number of Shares Subject to Purchase Right. On the Purchase Period Start Date of each Purchase Period, a Participant shall be granted a Purchase Right to purchase on the Purchase Period End Date of such Purchase Period, at the applicable Purchase Price, such number of shares of Common Stock as is determined by dividing the amount of the Participant's Contributions accumulated as of the Purchase Period End Date and retained in the Participant's account as of the Purchase Period End Date by the applicable Purchase Price (as determined in accordance with Section 6(b)); provided, however, that (i) no Participant may purchase shares of Common Stock in excess of the limitations set forth in Section 4(b) or Section 12(a), and the number of shares subject to a Purchase Right shall be adjusted as necessary to conform to such limitations; and (ii) in no event shall the aggregate number of shares deemed to be subject to Purchase Rights during a Purchase Period exceed the number of shares then available under the Plan or the number of shares available for any single Purchase Period (as provided in Section 4) and the number of shares deemed to be subject to Purchase Rights shall be adjusted as necessary to conform to these limitations. The Fair Market Value of the shares of Common Stock shall be determined as provided in Section 2(o) and 6(b), and a Participant's Compensation shall be determined according to Section 2(i).

(b) Purchase Price. The Purchase Price per share of Common Stock purchased with Contributions made during a Purchase Period for a Participant shall be no less than equal to 85 (or such greater percentage as may be determined by the Committee prior to the commencement of any Purchase Period) of the lesser of (i) the Fair Market Value of a share of Common Stock on the applicable Purchase Period End Date or (ii) the Fair Market Value of a share of Common Stock on the applicable Purchase Period Start Date; provided that in no event shall the Purchase Price per share of Common Stock be less than the par value per share of the Common Stock and provided further that the Committee may determine prior to a Purchase Period to calculate the Purchase Price for such Purchase Period solely by reference to the Fair Market Value of a share of Common Stock on the applicable Purchase Period End Date or Purchase Period Start Date, or based on the greater of such values (rather than the lesser of such values).

7. EXERCISE OF PURCHASE RIGHTS

(a) Automatic Exercise. Unless a Participant gives written notice to the Company or an agent designated by the Company of withdrawal at least 30 days prior to the end of the Purchase Period or terminates employment as hereinafter provided, the Participant's Purchase Rights for the purchase of shares of Common Stock with Contributions made during any Purchase Period will be deemed to have been exercised automatically on the Purchase Period End Date applicable to such Purchase Period, for the purchase of the number of shares of Common Stock which the accumulated Contributions in the Participant's account at that time will purchase at the applicable Purchase Price (but not in excess of the number of shares for which Purchase Rights have been granted to the Participant pursuant to Section 4 and Section 6(a)).

(b) Termination of Purchase Right. A Purchase Right granted during any Purchase Period shall expire on the earlier of (i) the date of termination of the Participant's employment or as otherwise required by Applicable Law, or (ii) the end of the last day of the applicable Purchase Period.

(c) Fractional Shares; Excess Amounts. Fractional shares will not be issued under the Plan unless otherwise determined by the Committee. Any excess Contributions in a Participant's account which would have been used to purchase fractional shares will be automatically re-invested in a subsequent Purchase Period unless the Participant timely revokes the Participant's authorization to re-invest such excess amounts or the Company elects to return such Contributions to the Participant. Except as permitted by the foregoing, any amounts that were contributed but not applied toward the purchase of shares of Common Stock will be carried forward to future Purchase Periods unless otherwise determined by the Committee.

(d) Share Certificates; Credit to Participant Accounts. As promptly as practicable after the Purchase Period End Date of each Purchase Period, the shares of Common Stock purchased by a Participant for the Purchase Period shall be credited to such Participant's account maintained by the Company, a stock brokerage or other financial services firm designated by the Company or the Participant or other similar entity, unless the Participant elects to have the Company deliver to the Participant certificates for the shares of Common Stock purchased upon exercise of the Participant's Purchase Right. If a Participant elects to have shares credited to the Participant's account (rather than certificates issued), a report will be made available to such Participant after the close of each Purchase Period stating the entries made to such Participant's account, the number of shares of Common Stock purchased and the applicable Purchase Price.

8. WITHDRAWAL; TERMINATION OF EMPLOYMENT

(a) Withdrawal. A Participant may withdraw Contributions credited to the Participant's account during a Purchase Period at any time prior to the applicable Purchase Period End Date by giving sufficient prior written notice to the Committee or an agent designated by the Committee. All of the Participant's Contributions credited to the Participant's account will be paid to the Participant promptly (without interest, unless otherwise required by Applicable Law) after receipt of the Participant's notice of withdrawal, and no further Contributions will be made from Compensation during such Purchase Period. The Committee may, at its option, treat any attempt to borrow by an Employee on the security of the Employee's accumulated Contributions as an election to withdraw such Contributions. A Participant's withdrawal from any Purchase Period will not have any effect upon the Participant's eligibility to participate in any succeeding Purchase Period or in any similar plan which may hereafter be adopted by the Company. Notwithstanding the foregoing, however, if a Participant withdraws during a Purchase Period, Contributions shall not resume at the beginning of a succeeding Purchase Period unless the Participant is eligible to participate and the Participant delivers to the Committee or an agent designated by the Committee a new completed authorization form (and such other documents as may be required by the Committee) and otherwise complies with the terms of the Plan.

(b) Termination of Employment; Participant Ineligibility. Upon termination of a Participant's employment for any reason (including but not limited to termination due to death but excluding a leave of absence for a period of less than 90 days or a leave of absence of any duration where reemployment is guaranteed by either statute or contract), or in the event that a Participant otherwise ceases to be an Eligible Employee, the Participant's participation in the Plan shall be terminated, unless otherwise required by Applicable Law. In the event of a Participant's termination of employment or in the event that a Participant otherwise ceases to be an Eligible Employee, the Contributions credited to the Participant's account will be returned (without interest, unless otherwise required by Applicable Law) to the Participant, or, in the case of death, to a beneficiary duly designated on a form acceptable to the Committee. Any unexercised Purchase Rights granted to a Participant during such Purchase Period shall be deemed to have expired on the date of the Participant's termination of employment or the date the Participant otherwise ceases to be an Eligible Employee (unless terminated earlier pursuant to Section 7(b)), and no further Contributions will be made for the Participant's account.

9. TRANSFERABILITY

No Purchase Right (or rights attendant to a Purchase Right) may be transferred, assigned, pledged or hypothecated (whether by operation of law or otherwise), except as provided by will or the laws of descent and distribution, and no Purchase Right will be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of a Purchase Right, or levy of attachment or similar process upon the Purchase Right not specifically permitted in the Plan, will be null and void and without effect. A Purchase Right may be exercised during a Participant's lifetime only by the Participant.

10. ADJUSTMENTS

(a) If there is any change in the outstanding shares of Common Stock because of a merger, Change in Control, consolidation, recapitalization or reorganization involving the Company, or if the Board declares a stock dividend, stock split distributable in shares of Common Stock or reverse stock split, other distribution (other than ordinary or regular cash dividends) or combination or reclassification of the Common Stock, or if there is a similar change in the capital stock structure of the Company affecting the Common Stock (excluding conversion of convertible securities by the Company and/or the exercise of warrants by their holders), then the number and type of shares of Common Stock reserved for issuance under the Plan shall be correspondingly adjusted, and the Committee shall, subject to Applicable Law, make such adjustments to Purchase Rights (such as the number and type of shares subject to a Purchase Right and the Purchase Price of a Purchase Right or to any provisions of this Plan as the Committee deems equitable to prevent dilution or enlargement of Purchase Rights or as may otherwise be advisable. Nothing in the Plan, a Purchase Right or any related instrument shall limit the ability of the Company to issue additional securities of any type or class.

(b) Change in Control. In addition, without limiting the effect of Section 10(a), in the event of a Change in Control, the Committee's discretion shall include but shall not be limited to the authority to provide for any of, or a combination of any of, the following: (i) each Purchase Right shall be assumed or an equivalent option shall be substituted by the successor entity or parent or subsidiary of such successor entity; (ii) a date selected by the Committee on or before the date of consummation of such Change in Control shall be treated as an Purchase Date and all outstanding Purchase Rights shall be exercised on such date, (iii) all outstanding Purchase Rights shall terminate and the accumulated Contributions will be refunded to each Participant upon or prior to the Change in Control (without interest, unless otherwise required by Applicable Law), or (iv) outstanding Purchase Rights shall continue unchanged.

11. STOCKHOLDER APPROVAL OF PLAN

The Plan is subject to the approval by the stockholders of the Company, which approval shall be obtained within 12 months before or after the date of adoption of the Plan by the Board. Amendments to the Plan shall be subject to stockholder approval to the extent, if any, as may be required by Code Section 423 or other Applicable Law.

12. LIMITATIONS ON PURCHASE RIGHTS

Notwithstanding any other provisions of the Plan:

(a) No Employee shall be granted a Purchase Right under the Plan which permits the Employee's rights to purchase stock under all employee stock purchase plans (as defined in Code Section 423) of the Company and any Related Corporation to accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time of the grant of such Purchase Right) for each calendar year in which such Purchase Right is outstanding at any time in the case of a Section 423 Offering. Any Purchase Right granted under the Plan shall be deemed to be modified to the extent necessary to satisfy this Section 12(a).

(b) In accordance with Code Section 423, all Employees granted Purchase Rights under the Plan who are participating in a Section 423 Offering shall have the same rights and privileges under the Plan, except that the amount of Common Stock which may be purchased by any Employee under Purchase Rights granted pursuant to the Plan shall bear a uniform relationship to the total compensation (or the basic or regular rate of compensation) of all Employees. All rules and determinations of the Committee in the administration of the Plan shall be uniformly and consistently applied to all persons in similar circumstances.

13. AMENDMENTS; TERMINATION OF THE PLAN AND PURCHASE RIGHTS

(a) Amendment and Termination of Plan. The Plan may be amended, altered, suspended and/or terminated at any time by the Board; provided, that approval of an amendment to the Plan by the stockholders of the Company shall be required to the extent, if any, that stockholder approval of such amendment is required by Applicable Law.

(b) Amendment and Termination of Purchase Rights. The Committee may (subject to the provisions of Code Section 423 (for Section 423 Offerings) and Section 13(a)) amend, alter, suspend and/or terminate any Purchase Right granted under the Plan, prospectively or retroactively, but (except as otherwise provided in Section 13(c)) such amendment, alteration, suspension or termination of a Purchase Right shall not, without the written consent of a Participant with respect to an outstanding Purchase Right, materially adversely affect the rights of the Participant with respect to the Purchase Right.

14. DESIGNATION OF BENEFICIARY

The Committee, in its discretion, may authorize a Participant to designate in writing a person or persons as each such Participant's beneficiary, which beneficiary shall be entitled to the rights, if any, of the Participant in the event of the Participant's death to which the Participant would otherwise be entitled. The Committee shall have discretion to approve the form or forms of such beneficiary designations, to determine whether such beneficiary designations will be accepted, and to interpret such beneficiary designations. If a deceased Participant fails to designate a beneficiary, or if the designated beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant, unless otherwise determined by the Committee.

15. MISCELLANEOUS

(a) Compliance with Applicable Law. The Company may impose such restrictions on Purchase Rights, shares of Common Stock and any other benefits underlying Purchase Rights hereunder as it may deem advisable, including, without limitation, restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky, state or foreign securities or other Applicable Law. Notwithstanding any other Plan provision to the contrary, the Company shall not be obligated to issue, deliver or transfer shares of Common Stock under the Plan or take any other action, unless such delivery or action is in compliance with Applicable Law (including but not limited to the requirements of the Securities Act). The Company will be under no obligation to register shares of Common Stock or other securities with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or similar organization, and the Company will have no liability for any inability or failure to do so. The Company may cause a restrictive legend or legends to be placed on any certificate issued pursuant to a Purchase Right hereunder in such form as may be prescribed from time to time by Applicable Law or as may be advised by legal counsel.

(b) No Obligation to Exercise Purchase Rights. The grant of a Purchase Right shall impose no obligation upon a Participant to exercise such Purchase Right.

(c) Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Purchase Rights will be used for general corporate purposes.

(d) Taxes. At any time a Participant incurs a taxable event as a result of the Participant's participation in the Plan, a Participant must make adequate provision for any Tax-Related Items. Participants are solely responsible and liable for the satisfaction of all Tax-Related Items, and the Company shall not have any obligation to indemnify or otherwise hold any Participant harmless from any or all of such Tax-Related Items. The Company shall have no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for a Participant or any other person. In their sole discretion, the Company or, as applicable, the Designated Company that employs the Participant, may, unless the Committee determines otherwise, satisfy their obligations to withhold Tax-Related Items by (i) withholding from the Participant's compensation, (ii) repurchasing a sufficient whole number of shares of Common Stock issued following exercise having an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld with respect to the shares of Common Stock, (iii) withholding from proceeds from the sale of shares of Common Stock issued upon exercise, either through a voluntary sale or a mandatory sale arranged by the Company, or (iv) any other method deemed acceptable by the Committee.

(e) Right to Terminate Employment. Nothing in the Plan, a Purchase Right or any agreement or instrument related to the Plan shall confer upon an Employee the right to continue in the employment of the Company, any Related Corporation or Affiliate or affect any right which the Company, any Related Corporation or Affiliate may have to terminate the employment of such Employee. Except as otherwise provided in the Plan or under Applicable Law, all rights of a Participant with respect to Purchase Rights granted hereunder shall terminate upon the termination of employment of the Participant.

(f) Rights as a Stockholder. No Participant or other person shall have any rights as a stockholder unless and until certificates for shares of Common Stock are issued to the Participant or credited to the Participant's account on the records of the Company or a designee.

(g) Notices. Every direction, revocation or notice authorized or required by the Plan shall be deemed delivered to the Company (i) on the date it is personally delivered to the Company at its principal executive offices or (ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to the Secretary at such offices, and shall be deemed delivered to an Eligible Employee (i) on the date it is personally delivered to the Eligible Employee or (ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to the Eligible Employee at the last address shown for the Eligible Employee on the records of the Company or of any Related Corporation or Affiliate.

(h) Governing Law. All questions pertaining to the validity, construction and administration of the Plan and Purchase Rights granted hereunder shall be determined in conformity with the laws of the State of Delaware, without regard to the principles of conflicts of laws, to the extent not inconsistent with Code Section 423 (for Section 423 Offerings) or other applicable federal laws of the United States.

(i) Severability. If any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(j) Gender and Number. Except where otherwise indicated by the context, words in any gender shall include any other gender, words in the singular shall include the plural and words in the plural shall include the singular.

(k) Rules of Construction. Headings are given to the sections of the Plan solely as a convenience to facilitate reference.

(l) Successor and Assigns. Plan shall be binding upon the Company, its successors and assigns, and Participants, their executors, administrators and permitted transferees and beneficiaries.

(m) Purchase Right Documentation. The grant of any Purchase Right under the Plan shall be evidenced by such documentation, if any, as may be determined by the Committee or its designee. Such documentation may state terms, conditions and restrictions applicable to the Purchase Right and may state such other terms, conditions and restrictions, including but not limited to terms, conditions and restrictions applicable to shares of Common Stock or other benefits subject to a Purchase Right, as may be established by the Committee.

(n) Uncertificated Shares. Notwithstanding anything in the Plan to the contrary, to the extent the Plan provides for the issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may, in the Company's discretion, be effected on a non-certificated basis, to the extent not prohibited by the Company's certificate of incorporation or bylaws or by Applicable Law.

(o) Compliance with Recoupment. Ownership and Other Policies or Agreements. Notwithstanding anything in the Plan to the contrary and subject to the provisions of Code Section 423 (for Section 423 Offerings), the Committee may, at any time (during or following termination of employment or service for any reason), determine that a Participant's rights, payments and/or benefits with respect to a Purchase Right (including but not limited to any shares issued or issuable with respect to a Purchase Right) shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any other conditions applicable to a Purchase Right. Such events may include, but shall not be limited to, termination of employment for cause, violation of policies of the Company or a Related Corporation or Affiliate, breach of non-solicitation, non-competition, confidentiality, non-disparagement or other covenants, other conduct by the Participant that is determined by the Committee to be detrimental to the business or reputation of the Company, any Related Corporation or Affiliate, and/or other circumstances where such reduction, cancellation, forfeiture or recoupment is required by Applicable Law. In addition, without limiting the effect of the foregoing, as a condition to the grant of a Purchase Right or receipt or retention of shares of Common Stock, cash or any other benefit under the Plan, (i) the Committee may, at any time, require that a Participant comply with any compensation recovery (or "clawback"), stock ownership, stock retention or other policies or guidelines adopted by the Company, a Related Corporation or Affiliate, each as in effect from time to time and to the extent applicable to the Participant, and (ii) each Participant shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

(p) Plan Controls. Unless the Committee determines otherwise, in the event of a conflict between any term or provision contained in the Plan and an express term contained in any documentation related to the Plan, the applicable terms and provisions of the Plan will govern and prevail.

(q) Administrative Costs. The Company or a Related Corporation or Affiliate will pay the expenses incurred in the administration of the Plan other than any fees or transfer, excise or similar taxes imposed on the transaction pursuant to which any shares of Common Stock are purchased. The Participant will pay any transaction fees, commissions or similar costs on any sale of shares of Common Stock and may also be charged the reasonable costs associated with issuing a stock certificate or similar matters.

(r) Notice of Disqualifying Disposition. Each Participant who participates in a Section 423 Offering and is subject to taxation in the United States shall give the Company prompt written notice of any disposition or other transfer of shares of Common Stock acquired pursuant to the exercise of a Purchase Right granted under the Plan if such disposition or transfer is made within two years after the Grant Date or within one year after the Purchase Date.

Code Section 409A; Tax Qualification. Purchase Rights to purchase shares of Common Stock granted under a Section 423 Offering are exempt from the application of Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Committee determines that a Purchase Right granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause a Purchase Right under the Plan to be subject to Code Section 409A, the Committee may amend the terms of the Plan and/or of an outstanding Purchase Right granted under the Plan, or take such other action the Committee determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding Purchase Right or future Purchase Right that may be granted under the Plan from or to allow any such Purchase Rights to comply with Code Section 409A, but only to the extent any such amendments or action by the Committee would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall not have any obligation to indemnify or otherwise protect the Participant from any obligation to pay any taxes, interest or penalties pursuant to Code Section 409A. The Company makes no representation that the Purchase Right to purchase shares of Common Stock under the Plan is compliant with Code Section 409A.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: June 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to _____
Commission file number: 1-13988

Adtalem Global Education Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	**36-3150143**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
500 WEST MONROE STREET CHICAGO, ILLINOIS	**60661**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number; including area code:
(866) 374-2678
Securities registered pursuant to section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock $0.01 Par Value	ATGE	NYSE, CSE

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by nonaffiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter. Shares of common stock held directly or controlled by each director and executive officer have been excluded.
December 31, 2018 - $2,745,785,089

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. August 20, 2019 – 54,923,000 shares of Common Stock, $0.01 par value

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on November 6, 2019 are incorporated into Part III of this Form 10-K to the extent stated herein.

ADTALEM GLOBAL EDUCATION INC.

ANNUAL REPORT ON FORM 10-K
FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K, including those statements concerning Adtalem Global Education Inc.'s ("Adtalem") expectations or plans, may constitute forward-looking statements subject to the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements generally can be identified by phrases such as Adtalem or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates," plans," "intends," "continues," "may," "will," "should," "could," or other words or phrases of similar import which predict or indicate future events or trends or that are not statements of historical matters. However, the absence of these words does not mean that the statements are not forward-looking. These forward looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference are described throughout this report, including those in "Note 15: Commitments and Contingencies" to the Consolidated Financial Statements, "Item 1A – Risk Factors," in the subsections of "Item 1 – Business" titled "Market Trends and Competition," "Student Admissions," "Accreditation," "Financial Aid and Financing Student Education," "Legislative and Regulatory Requirements," "Seasonality" and "Employees," and in the subsection of "Item 7 – Management Discussion and Analysis of Financial Condition and Results of Operations," titled "Liquidity and Capital Resources." Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. All forward-looking statements set forth in this Annual Report on Form 10-K are qualified by these cautionary statements, and should be considered in the context of the risk factors referred to above and discussed elsewhere in this Annual Report on Form 10-K. There can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Forward-looking statements set forth in this Annual Report on Form 10-K speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law or the rules and regulations of the Securities and Exchange Commission ("SEC").

PART I

ITEM 1 – BUSINESS

OVERVIEW OF ADTALEM GLOBAL EDUCATION INC.

Adtalem was incorporated under the laws of the State of Delaware in August 1987. Adtalem's executive offices are located at 500 West Monroe Street, Chicago, Illinois, 60661, and the telephone number is (866) 374-2678. For purposes of this report, "Adtalem," "we," "our," "us," or similar references refers to Adtalem Global Education Inc. and its consolidated subsidiaries, unless the context requires otherwise.

Adtalem is a leading global provider of workforce solutions and educational services. The purpose of Adtalem is to empower students to achieve their goals, find success and make inspiring contributions to our global community. Adtalem's institutions and companies offer a wide array of programs across medical and healthcare, financial services and business and law.

Adtalem's vision is to create a dynamic global community of life-long learners who improve the world. Adtalem aims to create value for society and its stakeholders by offering responsive educational programs that are supported by exceptional services to its students, and delivered with integrity and accountability. Towards this vision, Adtalem is proud to play a vital role in expanding access to higher education along with other institutions in the public, independent and private sectors.

Adtalem will continue to strive to achieve superior student outcomes by providing quality education and student services; growing and diversifying into new program areas and geographies; and building quality brands and the infrastructure necessary to compete in an increasingly competitive global market.

During the fourth quarter of fiscal year 2019, Adtalem renamed two of its segments to better reflect our focus on our growth strategies: Professional Education was renamed Financial Services, and Technology and Business was renamed Business and Law. Adtalem operates three reporting segments: "Medical and Healthcare," which includes the operations of Chamberlain University ("Chamberlain") and the medical and veterinary schools (including American University of the Caribbean School of Medicine ("AUC"), Ross University School of Medicine ("RUSM") and Ross University School of Veterinary Medicine ("RUSVM")); "Financial Services," which includes the operations of the Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker"), OnCourse Learning ("OCL") and EduPristine; and "Business and Law," which includes the operations of Adtalem Education of Brazil ("Adtalem Brazil"). "Home Office and Other" includes activity not allocated to a reporting segment. Financial and descriptive information about Adtalem's reporting segments is presented in "Note 16: Segment Information" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. These segments are highlighted below. Unless indicated, or the context requires otherwise, references to years refer to Adtalem's fiscal years.

Medical and Healthcare

Chamberlain was founded in 1889 as Deaconess College of Nursing and acquired by Adtalem in 2005. In May 2017, Chamberlain College of Nursing broadened its reach in healthcare education through the establishment of Chamberlain University and now offers its programs through its College of Nursing and College of Health Professions. Nursing degree offerings include a Bachelor of Science in Nursing ("BSN") degree (including both the onsite three-year BSN and the online Registered Nurse ("RN") to BSN Degree Completion Option ("RN-to-BSN")), an online Master of Science in Nursing ("MSN") degree, including Family Nurse Practitioner ("FNP"), and the Doctor of Nursing Practice ("DNP") degree, which is also offered online.

Chamberlain offers an online Master of Public Health ("MPH") degree program through its College of Health Professions. MPH classes started in July 2017. In fiscal year 2019, Chamberlain received approval to launch an online Master of Social Work ("MSW") degree program through its College of Health Professions. MSW classes will begin in September 2019.

Chamberlain provides an educational experience distinguished by a high level of care for students, academic excellence and integrity delivered through its 21 campuses and online. Chamberlain is committed to graduating health professionals who are empowered to transform healthcare worldwide. Chamberlain had 28,691 students enrolled in the July 2019 term, an increase of 2.3% over the prior year.

Chamberlain College of Nursing's degree programs span the professional nursing spectrum, from the baccalaureate entry into nursing practice to the terminal practice doctorate. The baccalaureate program integrates theoretical knowledge of general education and nursing content, psychomotor skills development, and development of clinical judgment/reasoning to help students develop the education and skills necessary for a lifetime of personal and professional growth. Pre-licensure students apply theoretical knowledge through robust, hands-on instruction using sophisticated simulators and simulation scenarios along with clinical training at hospitals or other healthcare facilities. Post-licensure students develop advanced nursing practice knowledge and skills through classroom, simulation, project development and practicum experiences in a variety of healthcare settings. Chamberlain has developed numerous partnerships with hospitals and other healthcare facilities to ensure that educational objectives can be met for its programs.

Chamberlain's pre-licensure BSN degree is an onsite baccalaureate program. The BSN program enables students to complete their BSN degree in three years of full-time study as opposed to the typical four-year BSN program with summer breaks. During calendar year 2018, Chamberlain pre-licensure BSN students who completed the National Council Licensure Examination ("NCLEX") had an overall pass rate of 88% vs. 84% in 2017. The national NCLEX pass rate for 2018 was 92% and 90% for 2017.

Students who already have passed their NCLEX exam and achieved RN designation through a diploma or associate degree can complete their BSN degree online through Chamberlain's RN-to-BSN completion option in three semesters of full-time study, although most students enroll part-time while they continue working as nurses.

The online MSN degree program offers four non-direct-care specialty tracks: Educator, Executive, Informatics and Healthcare Policy. These programs require 36 credit hours and are designed to be completed in approximately two years of part-time study. Chamberlain also offers a direct-care FNP track. This program requires 45 credit hours along with 650 lab and clinical hours and is designed to be completed in two and a half years of part-time study. In July 2019, Chamberlain began offering an accelerated MSN option that students can complete in 30 credit hours and receive a generalist degree.

The online DNP degree program is based on the eight essentials of doctoral education outlined by the American Association of Colleges of Nursing ("AACN"). The DNP program is designed for nurses seeking a terminal degree in nursing and offers an alternative to research-focused Ph.D. programs. The Chamberlain DNP program offers a Healthcare Systems Leadership track. The program requires 32 to 40 credit hours along with 512 to 1,024 clinical practicum hours. The program can be completed in five to six semesters of study.

Chamberlain's College of Health Professions MPH degree program focuses on preparing students to become public health practitioners to work with communities and populations globally to promote healthy communities, and to prevent community health problems such as disease, poverty, health access disparities and violence through interdisciplinary coursework. The MSW program aims to develop and empower students to be agents of social change in their communities and throughout the world. The MSW degree program prepares students for generalist or specialized practice and offers six specializations, including Substance Abuse and Addictions, Gerontology, Crisis and Response Interventions, Trauma, Medical Social Work and Military Social Work.

Medical and Veterinary Schools includes three institutions:

- AUC confers the Doctor of Medicine ("M.D.") degree;
- RUSM confers the M.D. degree; and
- RUSVM confers the Doctor of Veterinary Medicine ("D.V.M.") degree. Through its Postgraduate Studies Program, RUSVM also offers Master of Science and Ph.D. degrees.

Together, the three schools, along with the Medical Education Readiness Program ("MERP") and the Veterinary Preparation Program, had 5,220 students enrolled in the May 2019 semester, a 6.0% decrease compared to the same term last year.

AUC, founded in 1978 and acquired by Adtalem in August 2011, provides medical education. AUC is located in St. Maarten and has graduated more than 7,000 physicians since inception. The mission of AUC is to train tomorrow's physicians, whose service to their communities and their patients is enhanced by international learning experiences, a diverse learning community, and an emphasis on social accountability and engagement. This is accomplished in an atmosphere of academic integrity and scholarship, which fosters the highest standards in professional ethics and competence.

RUSM, founded in 1978 and acquired by Adtalem in May 2003, provides medical education. RUSM has graduated more than 14,000 physicians since inception. The mission of RUSM is to prepare highly dedicated students to become effective, successful physicians. RUSM seeks to accomplish this by focusing on imparting the knowledge, skills and values required for its students to establish a successful and satisfying career as a physician. In January 2019, RUSM moved its basic science instruction from Dominica to a new location in Barbados, while its Internal Medicine Foundation program continues to reside in Miramar, Florida.

AUC's and RUSM's respective medical education programs are comparable to the educational programs offered at U.S. medical schools as evidenced by student performance on the U.S. Medical Licensing Examination ("USMLE") tests and residency placement. AUC's and RUSM's programs consist of three academic semesters per year, which begin in January, May and September, allowing students to complete their basic science instruction in less time than they would at a U.S.

medical school. The programs provide a generalist medical education and the foundation for post graduate specialty training, which is primarily completed in residencies in the U.S.

Initially, AUC and RUSM students complete a program of concentrated study of medical sciences in modern classrooms and laboratories, with AUC's campus located in St. Maarten and RUSM's campus located in Barbados. After medical school students sit for Step 1 of the USMLE, which assesses whether students understand and can apply scientific concepts that are basic to the practice of medicine, they complete the remainder of their program by participating in clinical rotations under AUC and RUSM direction, and conducted at over 40 affiliated teaching hospitals or medical centers affiliated with accredited medical education programs in the U.S., Canada and the United Kingdom.

Upon successful completion of their medical degree requirements, students apply for a residency position in their area of specialty through the National Residency Matching Program ("NRMP"). This process is also known as "The Match"® and utilizes an algorithm to "match" applicants to programs using the certified rank order lists of the applicants and program directors.

RUSM students achieved a 96% first-time pass rate on the USMLE Step 1 exam in 2018. In 2019, 92% of first-time eligible 2018-2019 RUSM graduates attained residency positions.

AUC students achieved a 95% first-time pass rate on the USMLE Step 1 exam in 2018. In 2019, 91% of first-time eligible 2018-2019 AUC graduates attained residency positions.

In February 2019, AUC announced a new program starting in September 2019, in partnership with University of Central Lancashire ("UCLan") in the United Kingdom to enable students from the United Kingdom, and across the world to study towards the M.D. degree, the postgraduate degree of physicians in the U.S. The program offers students a postgraduate diploma in International Medical Sciences ("PGIMS") from UCLan, followed by a M.D. degree with AUC. Students will then be eligible to complete clinical rotations at AUC's clinical sites, which include hospitals in the U.S., the United Kingdom and Canada.

MERP is a 15-week medical school preparatory program focused on preparing prospective AUC and RUSM students in building the academic foundation they need to be successful in medical school and to achieve their goals of becoming physicians. Upon successful completion of the program, students are able to enroll in AUC or RUSM. Data has shown that students who complete the MERP program successfully perform just as well or better than students who were admitted directly into medical school.

RUSVM, founded in 1982 and acquired by Adtalem in May 2003, provides veterinary education and offers three graduate degrees. RUSVM is one of 50 American Veterinary Medical Association ("AVMA") accredited veterinary education institutions in the world. RUSVM is located on St. Kitts and has graduated more than 5,000 veterinarians, since inception. The mission of RUSVM is to provide the best learning environment to prepare students to become members and leaders of the worldwide public and professional healthcare system, advancing human and animal health through research and knowledge exchange.

The RUSVM program is structured to provide a veterinary education that is comparable to educational programs at U.S. veterinary schools. RUSVM students complete a seven-semester, pre-clinical curriculum at the campus on St. Kitts. After completing their pre-clinical curriculum, RUSVM students enter a clinical clerkship lasting approximately 45 weeks under RUSVM direction at one of more than 20 affiliated U.S. Colleges of Veterinary Medicine as well as international affiliates in Canada, Australia, Ireland, New Zealand and the United Kingdom.

RUSVM offers a one-semester Veterinary Preparatory program designed to enhance the pre-clinical science knowledge and study skills that are critical to success in veterinary school. It is structured to prepare students for success at RUSVM.

Financial Services

ACAMS, founded in 2001 and acquired by Adtalem in July 2016, is the largest international membership organization dedicated to enhancing the knowledge, skills and expertise of anti-money laundering ("AML") and financial crime detection and prevention professionals. As of June 30, 2019, ACAMS has more than 75,000 members in 175 countries. Members include representatives from a wide range of financial institutions, regulatory bodies, law enforcement agencies and industry sectors. ACAMS further strengthens Adtalem's financial services offerings by providing AML and financial crimes prevention training, conferences and certification.

ACAMS' main products include membership service, Certified Anti-Money Laundering Specialist ("CAMS") certification, conferences, risk assessment, training and publications. The CAMS credential and ACAMS advanced certifications like CAMS-Audit and CAMS-FCI (Financial Crimes Investigation) are recognized as industry-leading in AML certifications worldwide.

Becker, founded in 1957 as Becker CPA Review and acquired by Adtalem in 1996, is a global leader in professional education serving the accounting and finance professions. Becker prepares candidates for the Certified Public Accountant ("CPA") and Certified Management Accountant ("CMA") certification examinations and offers continuing professional education programs and seminars. Classes are taught online and live across the U.S. and in approximately 35 foreign countries; classes are taught directly by Becker and through licensed affiliates. Nearly one million candidates have prepared for the Uniform CPA Examination ("CPA exam") using Becker's CPA Exam Review Course. Becker also offers continuing professional education and training programs in the fields of accounting and finance to help individuals and organizations achieve superior performance through professional development.

The CPA exam is prepared and administered by the American Institute of Certified Public Accountants ("AICPA"). The CPA exam is only offered in a computer-based, on-demand, four-part format for eight months of the year. In addition to successfully passing the four-part exam, CPA candidates must also meet educational, work experience and other requirements specific to the state or jurisdiction in which they intend to be licensed to practice.

Becker is the industry leader in providing CPA exam review services and has been preparing candidates to pass the CPA exam for over 60 years. Since 2005, when the AICPA began to share national results, 90% or more of Elijah Watt Sells Award winners, individuals who achieved the highest cumulative scores on the CPA exam, prepared with Becker.

To meet the demands and learning preferences of today's busy professionals, Becker's classes are offered in two formats: live and self-study. The self-study product is interactive and offers the same instructor-led lectures and materials available in the live classroom courses. Becker provides access to a wide variety of services to support students including one-on-one tutoring, success coaching and academic support. Becker also provides administrative support services for its university, firm and corporate partners.

OCL, founded in 2007 and acquired by Adtalem in May 2019, is a leading provider of compliance training, licensure preparation, continuing education and professional development in the banking and mortgage industries across the U.S. OCL is based in Brookfield, Wisconsin. Its online programs focus on banking and credit union compliance and regulatory training, and Mortgage Lending Officer certification exam preparation and continuing education.

EduPristine, founded in 2008, is based in Mumbai, India. Adtalem completed its acquisition of a 69% ownership interest in EduPristine in March 2018. EduPristine is a professional education provider in India offering online and classroom programs in the areas of finance, accounting, analytics, marketing and healthcare.

Business and Law

Adtalem Brazil was established in 2001 and is based in São Paulo. Adtalem completed its acquisition of a majority stake in Adtalem Brazil in April 2009 and had a 97.9% ownership interest in Adtalem Brazil as of June 30, 2019. On July 1, 2019, the Adtalem Brazil management noncontrolling interest members exercised their put options and sold their remaining ownership interests in Adtalem Brazil to Adtalem. As of the first quarter of fiscal year 2020, Adtalem owns 100% of Adtalem Brazil. The vision of Adtalem Brazil is to be one of the leading Brazilian educational groups, recognized for high quality and innovation, offering international academic standards and focused on the professional success of its students. Adtalem Brazil is currently comprised of 13 institutions. These institutions operate under three brand names, Wyden Educational ("Wyden"), Ibmec and Damasio:

Wyden Institutions:

- Centro Universitário Unifanor ("UniFanor")
- Centro Universitário UniFavip ("UniFavip")
- Centro Universitário UniFBV ("UniFBV")
- Centro Universitário UniMetrocamp ("UniMetrocamp")
- Centro Universitário UniRuy ("UniRuy")
- Faculdade ÁREA1 ("AREA1")
- Faculdade Ideal ("Faci")
- Faculdade Diferencial Integral ("Facid")
- Faculdade de Imperatriz ("Facimp")
- Faculdade Martha Falcão ("FMF")

Ibmec Institution:

- Grupo Ibmec Educacional S.A. ("Ibmec")

Damasio Institutions:

- Damásio Educacional S/A ("Damasio")
- São Judas Tadeu ("SJT")

Adtalem Brazil's institutions offer undergraduate and graduate programs primarily focused in business, engineering, healthcare, law, management, medical and technology. In addition, Damasio offers legal bar exam review courses, review courses for tests required for diplomatic careers in Brazil and medical exam review courses. These institutions operate 17 locations located in 11 states in Northeast, North and Southeast Brazil. Adtalem Brazil also operates more than 180 distance learning centers throughout Brazil under Damasio's franchise agreements. As of June 30, 2019, Adtalem Brazil serves approximately 80,000 students in undergraduate and graduate programs and serves approximately 40,000 test preparation students.

Discontinued Operations

On December 4, 2018, Adtalem completed the sale of Carrington College ("Carrington") to San Joaquin Valley College, Inc. ("SJVC") pursuant to the Membership Interest Purchase Agreement (the "MIPA") dated June 28, 2018. To support Carrington's future success, Adtalem made a capital contribution of $7.5 million to Carrington, based on an agreed working capital balance of $11.5 million at the closing date.

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell Education, LLC ("Cogswell") pursuant to the purchase agreement dated December 4, 2017. To support DeVry University's future success, Adtalem transferred DeVry University with a working capital balance of $8.75 million at the closing date. In addition, Adtalem has agreed to indemnify Cogswell for certain losses including those related to certain pre-closing defense to repayment claims. The purchase agreement also includes an earn-out entitling Adtalem to payments of up to $20 million over a ten-year period payable based on DeVry University's free cash flow.

In accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the DeVry University and Carrington entities are classified as "Discontinued Operations." As a result, all financial results, disclosures and discussions of continuing operations in this Annual Report on Form 10-K exclude DeVry University and Carrington operations, unless otherwise noted.

DEGREE ENROLLMENTS

The following table provides the percentage of enrollment by degree for Adtalem's postsecondary educational institutions, excluding Adtalem Brazil.

	Percent of Enrollment by Degree		
	Fall 2018	**Fall 2017**	**Fall 2016**
Bachelor's	55 %	57 %	59 %
Master's	29 %	27 %	23 %
Doctoral	16 %	16 %	18 %

MARKET TRENDS AND COMPETITION

Medical and Healthcare

Chamberlain

Chamberlain competes in the U.S. nursing education market, which has more than 1,800 programs leading to RN licensure. These include four-year educational institutions, two-year community colleges, and diploma schools of nursing. The market consists of two distinct segments: pre-licensure nursing programs that prepare students to take the NCLEX-RN licensure exam and post-licensure nursing programs that allow existing RNs to advance their education. Nursing constitutes the largest occupation in healthcare in the U.S., with 2.9 million RNs in 2016, according to the Bureau of Labor Statistics. The Bureau of Labor Statistics reports that employment of RNs is expected to grow 15% from 2016 to 2026, faster than the average employment growth rate for all occupations.

In the pre-licensure nursing market, enrollment caps and limited new student enrollment periods are common among traditional four-year educational institutions and community colleges. Despite the long-term need for nurses, institutions are not increasing educational capacity to keep up with demand. According to AACN, U.S. nursing schools turned away more than 75,000 qualified applicants from baccalaureate nursing programs in 2018 due to budget constraints and an insufficient number of faculty, clinical sites, classroom space and clinical preceptors. In addition, demand for BSN degrees is impacted by the Institute of Medicine's recommendation and the American Nurses Credentialing Center Magnet designation criteria that require hospitals to employ or have a plan to employ at least 80% BSN nurses.

In post-licensure nursing education, there are more than 600 institutions offering RN-to-BSN programs and more than 500 institutions offering MSN programs. Chamberlain's RN-to-BSN degree completion option has received two Quality Matters Certifications for Online Learning Support and Online Teaching Support. Chamberlain's RN-to-BSN degree completion option is approved in 50 states, the District of Columbia and the U.S. Virgin Islands. Similarly, the MSN degree program is approved in 50 states, the District of Columbia and the U.S. Virgin Islands, while the FNP Specialty Track is approved in 45 states and the District of Columbia. Chamberlain offers its DNP program in 48 states, the District of Columbia and the U.S. Virgin Islands, while the MPH program is offered in 49 states, the District of Columbia and the U.S. Virgin Islands. The MSW program is approved in 36 states and classes will start in September 2019.

Medical and Veterinary Schools

AUC and RUSM compete with approximately 150 U.S. schools of medicine, 48 U.S. colleges of osteopathic medicine and more than 40 Caribbean medical schools as well as with international medical schools recruiting U.S. students who may be eligible to receive funding from U.S. Department of Education ("ED") Title IV programs. RUSVM competes with American Veterinary Medical Association ("AVMA") accredited schools, of which 30 are U.S.-based, 5 are Canadian and 15 are other international veterinary schools.

The medical and veterinary schools' educational institutions attract potential students for several reasons. Some applied to U.S.-based medical or veterinary schools but were not admitted or were wait-listed. Some students elected not to apply to U.S. schools because of self-perceived chances of gaining acceptance. For some students, the medical and veterinary schools' education institutions are their first or only choice of schools because of their commitment to and focus on quality and on practitioner-oriented teaching.

According to the Association of American Medical Colleges Center for Workforce Studies in an April 2019 analysis, physician demand will continue to grow faster than supply, leading to a projected total physician shortfall of between 46,900 and 121,900 physicians by 2032. The shortfall ranges from 39,700 to 84,500 physicians in 2025.

There has been some recent expansion in the U.S. medical education and veterinary education enrollment capacities because of the growing supply/demand imbalance for medical doctors. Despite this expansion, management believes the imbalance will continue to spur demand for medical and veterinary education.

Financial Services

ACAMS

Money laundering and the financing of terrorism are financial crimes with significant economic effects. The United Nations Office on Drug and Crime estimates that in one year 2-5% of global Gross Domestic Product, or $1.6 to $4 trillion, is laundered globally. Money laundering can occur in various forms including corruption, drug trafficking, tax evasion and cybercrime. AML is the set of procedures, laws and regulations designed to combat the practice of generating income through illegal actions. Professionals who need effective AML procedures include financial institutions, insurers, asset managers, lawyers, broker-dealers, private equity firms, consultants, law enforcement and credit institutions. This training protects companies against various costs, such as financial penalties from regulatory bodies, personal liability, financial action from shareholders or employees and reputational damage.

There are approximately 1.6 million AML industry individuals in the various market segments, with individuals outside the U.S. representing approximately 1.1 million, or 70% of the addressable market. Organizations' training methods are met by third-parties or internally developed informal training. Regulators are encouraging companies to maintain higher control standards. Due to frequent regulatory changes, internal training is being supplemented with third-party developed training programs to meet the higher regulatory standards. ACAMS is the largest AML certifier and is recognized as an industry leader in AML credentialing.

According to a survey completed by Dow Jones in 2015, the top three memberships with which professionals associate are ACAMS, American Bankers Association and Association of Certified Fraud Examiners. As of June 30, 2019, more than 42,000 professionals have received the CAMS designation, which is completed by passing the ACAMS CAMS certification examination as a qualified applicant. Two of the top-read industry publications are ACAMS Today and ACAMS moneylaundering.com. ACAMS is also a leader in the industry in conference attendance. Conferences and seminars are held in 32 countries annually serving approximately 11,000 attendees.

Becker

In 2018, the AICPA reported that there were approximately 76,000 accounting graduates combined across bachelor's and master's degree candidates and in 2018, approximately 37,000 new candidates began the CPA exam. The number of accounting graduates has increased at a compound annual growth rate of 1.4% over the last ten years. Over that same time period, the number of first-time CPA exam test takers has declined at a compound annual rate of 1.8%; although the number of test-takers may fluctuate in specific years based on the timing of student demand and exam changes. In 2018, the number of first-time CPA exam test takers fell 14% below the ten-year average (2008-2017). Further, 2018 employment of accounting graduates at U.S. public accounting firms, a key driver of CPA demand, declined 13% from the ten-year average as firms seek alternative skill sets to expand services.

Becker competes with other purveyors of exam preparation, including courses offered by colleges, universities and other public and private training companies.

Becker management believes that in addition to its 60-plus year history and track record of successful student achievement on the CPA exam, it has advantages over competitors that include:

- Experienced, highly qualified instructors for each of the areas of specialty included in the exam including industry renowned accounting experts;
- Courses available in live and self-study to meet candidate learning preferences and needs for flexibility and control;
- Extensive, continuously updated and fully integrated review and practice test materials;
- Practice simulations and software functionality, similar to those used in the actual exam; and
- Relationships with universities and all of the top 100 largest public accounting firms.

OCL

There are approximately 1.7 million financial services and mortgage industry professionals in the various market segments that comprise OCL's addressable market. These professionals require mandatory compliance training to meet regulatory requirements and internal compliance requirements; those in the mortgage industry have licensure and continuing education requirements. The regulatory environment for the financial services and mortgage industries continues to change at a rapid pace, which requires companies to maintain higher control standards. The growing importance of specialized skills and up-skilling the workforce are also addressed by OCL's offerings. Organizations' training methods are met by third-parties and internally developed informal training. Due to frequent regulatory changes, internal training is being supplemented with third-party developed training programs to meet higher regulatory standards. OCL is one of the largest national providers of training in both the bank and credit union and mortgage industries.

Business and Law

Adtalem Brazil

From 2010 to 2017, the Brazilian private higher education market grew 31% to 6.24 million enrollments, with business, law and healthcare being the largest areas of study by number of students. The private school market comprises 75% of the total market. The main driver of enrollment growth was from online programs that grew 112% to 1.6 million from 2010 to 2017. Onsite programs grew 15% to 4.6 million students. In 2017, 18% of the population was enrolled in higher education, and the objective of the National Plan of Education is to increase this to 33% by 2024, adding potentially 7 million of new higher education enrollments, including public and private schools.

Brazil has the largest private higher education market in Latin America, which until recently was highly fragmented. Over the last decade, private equity firms and international educational groups have been investing in Brazilian higher education, resulting in consolidation of the market. Private higher education institutions fall into three different segments:

- Mass market: fastest growing segment, with the highest regulatory risk
- Superior quality market: growth driven by gaining market share from competitors. Facilitating access to student financing is an important factor to accelerate growth in this segment
- Niche market: highly specialized, has limited growth potential

Most Adtalem Brazil institutions compete in the superior quality market. Adtalem Brazil faces local competition at each location in which it operates. Nationwide there are also competitors such as: Laureate, Kroton Educacional, Anima, SER Educacional and Estacio.

STUDENT ADMISSIONS

Medical and Healthcare

Chamberlain

Marketing and Outreach

Chamberlain advertises through a variety of marketing channels to inform prospective students interested in entering or advancing their nursing careers about the university and the programs it offers. A mix of local and national tactics are utilized, including online display, paid search, email, paid social, online video and local radio advertising.

To inform prospective students about the pre-licensure program offered at its 21 campus locations, Chamberlain representatives visit high schools, cultivate referrals and participate in career fairs. Chamberlain campuses hold open house events for prospective students and Experience Nursing Days for high school students to inform them about the requirements for nursing school.

Post-licensure programs rely primarily on digital marketing, referrals from current students and alumni, and strategic healthcare partnerships to reach prospective students. A variety of highly targeted internet advertising tactics are used to reach RNs who are considering advancing their careers. A team of healthcare development specialists establishes partnerships with healthcare institutions, other large employers of nurses and community colleges.

Student Admissions and Admissions Standards

Pre-Licensure BSN Program

The Chamberlain undergraduate pre-licensure admission process is made up of two phases: Academic Eligibility and Clinical Clearance. Applicants must meet both sets of requirements to be eligible for admission. Academic Eligibility requires proof of graduation with a minimum grade point average of 2.75 from a recognized high school or other college, along with a minimum custom score on the A2 Admission Assessment test. The admissions committee reviews each application and selects the most qualified candidates. Applicants who are deemed Academically Eligible must receive Clinical Clearance, which includes a background check, fingerprint screen and drug screen for acceptance to be granted. Chamberlain enrolls students in its pre-licensure program three times per year.

RN-to-BSN Option

Admission to the RN-to-BSN option requires a nursing diploma or Associate Degree in Nursing from an accredited institution, a minimum grade point average of 2.0 and a current, active, unrestricted RN license in the U.S. or other jurisdiction that is an associate member of the National Council of State Boards of Nursing (“NCSBN”). Chamberlain enrolls students in its RN-to-BSN program six times per year.

Graduate Programs

To enroll in the MSN program, a prospective student must possess a degree in nursing at the bachelor’s level or higher from an accredited institution, a minimum grade point average of 3.0 and a current, active, unrestricted RN license in the U.S. or other jurisdiction that is an associate member of the NCSBN. Provisional admission may be granted to students who have a grade point average of at least 2.75 but less than 3.0.

Enrollment in the MPH program requires a bachelor’s level degree or higher from an accredited institution and a minimum grade point average of 3.0.

Students seeking to enroll in the MSW program must have a bachelor’s degree or higher from an accredited institution with a minimum grade point average of 2.5. Students must also pass a background and fingerprint check.

The DNP program requires a degree at the master’s level or higher from an accredited institution, a minimum grade point average of 3.0 and a current, active, unrestricted RN license in the U.S. or other jurisdiction that is an associate member of the NCSBN.

Chamberlain enrolls students in its graduate programs six times per year.

Medical and Veterinary Schools

Marketing and Outreach

AUC, RUSM and RUSVM focus their marketing efforts on attracting primarily U.S. and Canadian qualified applicants, with the motivation and requisite academic ability to complete their educational programs and pass the USMLE and the North American Veterinary Licensure Examination, respectively. Each institution's marketing effort includes visits to undergraduate campuses to meet students and their pre-med/pre-vet advisors, direct e-mail marketing, webinars, targeted direct mail campaigns, information seminars in major markets throughout the U.S., Canada and Puerto Rico, alumni referrals, a national undergraduate poster campaign, radio advertisements in select markets, digital and social media and print ads in major magazines and newspapers.

Student Admissions and Admissions Standards

AUC, RUSM and RUSVM each employ regional admissions representatives in locations throughout the U.S. and in Canada, who seek out students interested in their respective programs. A successful applicant must have received a bachelor's degree and, for AUC and RUSM, taken the Medical College Admission Test. Candidates for admission must interview with an admissions representative and all admission decisions are made by the admissions committees of the medical and veterinary schools.

Financial Services

ACAMS

Marketing and Outreach

ACAMS markets its training programs to AML and financial crime professionals from a wide range of industries, including large financial institutions, brokerage and consulting firms. Direct mail, print advertising, e-mail, digital and social media advertising are used to enhance program awareness, distribute relevant content and to attract new members and program participants. The ACAMS website is another source of information for prospective members and event attendees.

Becker

Marketing and Outreach

Becker markets its courses directly to potential customers and to selected employers, including the large global, national and regional public accounting firms. The Becker website along with alumni referrals, print advertising, e-mail, digital and social media advertising and a network of student representatives at colleges and universities across the country also generate new students for Becker's review courses.

Becker is the preferred provider of CPA review for most of the country's largest public accounting firms and has long-standing relationships with all of the top 100 largest public accounting firms, including each of the "Global 7" public accounting firms. In total, Becker has relationships with more than 1,500 public accounting firms, professional societies and universities. Becker also delivers its CPA exam review courses on college campuses and recruits students attending those institutions.

OCL

Marketing and Outreach

OCL markets its library of proprietary, evidence-based and industry-aligned accredited courses and training programs to banks and credit unions and mortgage brokerage companies and individuals. Direct mail, print advertising, e-mail, digital and social media advertising enhance program awareness, distribute relevant content and attract new customers. The OCL website is another source of information for prospective customers.

Business and Law

Adtalem Brazil

Marketing and Outreach

Adtalem Brazil advertises on various internet sites, at special events, on television and radio, and utilizes a variety of methods to reach prospective students. Each Adtalem Brazil institution and campus has a specific media plan based on the local market. Damasio is marketed through the more than 180 franchises that offer test preparation, undergraduate and graduate programs.

Adtalem Brazil's high school program representatives visit high schools throughout the Northeast, North and Southeast regions of Brazil, providing workshops on career choices, the importance of a college education and the international benefits offered by Adtalem Brazil.

Adtalem Brazil's Corporate Training Services organization is designed to meet the educational needs of corporate clients and their employees with tailor-made program offerings. A national network of corporate account supervisors directs the student recruiting efforts primarily at the country's more prominent companies, leveraging relationships with these clients and offering undergraduate, graduate and customized educational programs.

Student Admissions and Admission Standards

Adtalem Brazil provides admissions services, and employs salaried, full-time admissions advisors at each Adtalem Brazil institution to support those candidates interested in enrolling in any of Adtalem Brazil's institutions. Applicants to undergraduate programs can use one of the four methods for entrance to Wyden's and Ibmec's programs: (1) entrance examination or "Vestibular," (2) ENEM grade (standardized government exam for public universities and government financing), (3) a former higher education degree, or (4) transfer from another institution. There are two sessions per year for undergraduate admissions, January and July, for both onsite and distance learning modalities. Graduate admissions criteria include verification of an undergraduate degree and personal interviews. The admissions services at each institution are supported by a central admissions center for the Wyden and Ibmec brands.

Adtalem Brazil offers the "CASA" program (Student Support), which aims to help students achieve better academic results through educational and psychological support and monitoring. CASA program advisors provide professional guidance to current students and alumni. The main objective of this support is to facilitate access to labor markets and to help students in planning their professional careers.

ACCREDITATION

Educational institutions and their individual programs are awarded accreditation by achieving a level of quality that entitles them to the confidence of the educational community and the public they serve. Accredited institutions are subject to periodic review by accrediting bodies to ensure continued high performance and institutional and program improvement and integrity, and to confirm that accreditation requirements continue to be satisfied. College and university administrators depend on the accredited status of an institution when evaluating transfer credit and applicants to their schools; employers rely on the accredited status of an institution when evaluating a candidate's credentials; and parents and high school counselors look to accreditation for assurance that an institution meets quality educational standards. Moreover, in the U.S., accreditation is necessary for students to qualify for federal financial assistance and most scholarship commissions restrict their awards to students attending accredited institutions.

Medical and Healthcare

Chamberlain

Chamberlain is accredited by the Higher Learning Commission ("HLC"). BSN, MSN and DNP programs at Chamberlain are accredited by the Commission on Collegiate Nursing Education. Chamberlain's MPH program has commenced the accreditation process with the Council on Education for Public Health, which accepted Chamberlain's application in October 2017. Chamberlain's MSW program has commenced the accreditation process with the Council on Social Work Education, which accepted Chamberlain's application in May 2019.

Medical and Veterinary Schools

The Government of St. Maarten authorizes AUC to confer the M.D. degree. AUC is accredited by the Accreditation Commission on Colleges of Medicine ("ACCM"). The ACCM is an international medical school accrediting organization for countries that do not have a national medical school accreditation body. The U.S. Department of Education National Committee on Foreign Medical Education and Accreditation (“NCFMEA”) has affirmed that the ACCM has established and enforces standards of educational accreditation that are comparable to those promulgated by the U.S. Liaison Committee on Medical Education (“LCME”). In addition, AUC is approved to place students in clinical rotations in the majority of states, including California, Florida and New York, where robust processes are in place to evaluate and approve an international medical school’s programs. AUC students can join residency training programs in all 50 states.

RUSM’s primary accreditor is Caribbean Accreditation Authority for Education in Medicine and other Health Professions (“CAAM-HP”). CAAM-HP is authorized to accredit medical programs by the government of Barbados. On July 26, 2018, Barbados authorized RUSM to confer the M.D. degree. The NCFMEA has affirmed that CAAM-HP has established and enforces standards of educational accreditation that are comparable to those promulgated by the LCME. In addition, RUSM is approved to place students in clinical rotations in the majority of states, including California, Florida, New Jersey and New York, where robust processes are in place to evaluate and accredit an international medical school’s programs. RUSM students can join residency training programs in all 50 states.

RUSVM has been recognized and accredited by the government of the Federation of St. Christopher and Nevis (“St. Kitts”) and is chartered to confer the D.V.M. degree. RUSVM confers a D.V.M. degree that is accredited by the American Veterinary Medical Association Council on Education (“AVMA COE”). RUSVM has affiliations with more than 20 AVMA-accredited U.S. and international colleges of veterinary medicine so that RUSVM students can complete their final three semesters of study in the U.S. or abroad. RUSVM has received accreditation for its Postgraduate Studies program from the St. Christopher & Nevis Accreditation Board. The Postgraduate Studies program offers Master of Science and Ph.D. degrees in all research areas supported by RUSVM. Areas of emphasis are guided by RUSVM's themed Research Centers.

Financial Services

Becker

Becker’s accreditation from the Accrediting Council for Continuing Education & Training (“ACCET”) allows it to extend its accredited programs to international students that desire to attend a live course in the U.S., and issue the required Form I-20 “Certificate of Eligibility for Nonimmigrant Student Status” to international students participating in the program.

Business and Law

Adtalem Brazil

The Brazilian Ministry of Education (“MEC”) controls and regulates postsecondary education in the country. MEC also controls the issuance of licenses and permits.

The licensing process occurs on two levels: institutional and programmatic. Every three to five years, the licenses must be renewed. MEC uses an institutional index called Indice Geral de Cursos (“IGC”), or “General Programs Index.” IGCs range from 1 to 5, with a 3 or above being satisfactory. All Adtalem Brazil institutions have at least a satisfactory IGC or higher.

IGC is calculated using the weighted average of all “Conceito Preliminar de Curso” (“CPC”) or “Preliminary Program Grades.” The CPC is an academic quality metric composed of the following figures:

- 55% Results of ENADE, a national end-of-program standardized exam organized by MEC;
- 30% Faculty credentials and part or full-time faculty status; and
- 15% Student satisfaction.

MEC also licenses programs at each institution. The regulations are different for undergraduate and graduate programs. For undergraduate programs, MEC must grant “authorization” status before classes may commence. After a program is 50% to 75% complete, MEC auditors visit the institution to grant the definitive license, which can be automatically renewed every three years, unless the program presents an unsatisfactory CPC below 3 within a range of 1 to 5 (with 5 being the best). As of June 30, 2019, Adtalem Brazil has approximately 490 authorized undergraduate programs; 223 of which are licensed.

Master’s or Doctorate degree granting programs are regulated by MEC in Brazil; they are licensed every three or four years. Other types of graduate programs are regulated and do not have licenses issued by MEC. Adtalem Brazil has one Master of Sciences program at UniFBV, one program at Facid and two at Ibmec.

FINANCIAL AID AND FINANCING STUDENT EDUCATION

Students attending Chamberlain, AUC, RUSM, RUSVM and Adtalem Brazil pay for their education through a variety of sources. These sources include government-sponsored financial aid, private and university-provided scholarships, employer-provided tuition assistance, veteran's benefits, private loans and cash payments. Students attending Becker, ACAMS and OCL review courses and programs are not eligible for federal or state financial aid, but may receive partial or full tuition or fee reimbursement from their employers. In addition, Becker's CPA Exam Review Course can be financed through Becker under an 18-month term loan program.

The following table summarizes Adtalem's revenue by fund source as a percentage of total revenue for fiscal years 2018 and 2017. Final data for fiscal year 2019 is not yet available.

	Fiscal Year	
Funding Source:	**2018**	**2017**
Federal Assistance (Title IV) Program Funding (Grants and Loans)	46 %	47 %
Brazil FIES Public Loan Program	6 %	7 %
Private Loans	1 %	1 %
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance and other	47 %	45 %
Total	100 %	100 %

The increase in the "Student accounts, cash payments, private scholarships, employer and military provided tuition assistance and other" funding source is the result of management's efforts to reduce Adtalem's funding provided by U.S. federal and Brazilian FIES sources.

All financial aid and assistance programs are subject to political and governmental budgetary considerations. In the U.S., the Higher Education Act (as reauthorized, the "HEA") guides the federal government's support of postsecondary education. The HEA was last reauthorized by the U.S. Congress in July 2008 and was signed into law in August 2008. During the 115th Congress in December 2017, committee leadership of the U.S. House of Representatives released partisan, comprehensive HEA proposals; the Senate did not put forth a comprehensive HEA reauthorization proposal. During the 116th Congress in 2019, neither chamber has yet introduced a comprehensive reauthorization proposal. However, there have been individual bills introduced on various HEA provisions, and committee leadership in both the House and Senate could release comprehensive HEA proposals during this Congress. When HEA is reauthorized, existing programs and participation requirements are subject to change. Additionally, funding for student financial assistance programs may be impacted during appropriations and budget actions.

Information about Particular U.S. and Canadian Government Financial Aid Programs

Chamberlain, AUC, RUSM, and RUSVM students participate in many U.S. and Canadian financial aid programs. Each of these programs is briefly described below.

U.S. Federal Financial Aid Programs

Students in the U.S. rely on three types of ED student financial aid programs under Title IV of the HEA.

1. *Grants.* Chamberlain undergraduate students may participate in the Federal Pell Grant and Federal Supplemental Education Opportunity Grant programs.

- *Federal Pell Grants:* These funds do not have to be repaid and are available to eligible undergraduate students who demonstrate financial need and who have not already received a baccalaureate degree. For the 2019-2020 school year, eligible students could receive Federal Pell Grants ranging from $312 to $9,292.

- *Federal Supplemental Educational Opportunity Grant ("FSEOG"):* This is a supplement to the Federal Pell Grant, and is only available to the neediest undergraduate students. Federal rules restrict the amount of FSEOG funds that may go to a single institution. The maximum individual FSEOG award is established by the institution but cannot exceed $4,000 per academic year. Educational institutions are required to supplement federal funds with a 25% matching contribution. Institutional matching contributions may be satisfied, in whole or in part, by state grants, scholarship funds (discussed below) or by externally provided scholarship grants.

2. *Loans.* Chamberlain, AUC, RUSM and RUSVM students may participate in the Direct Unsubsidized and PLUS programs within the Federal Direct Student Loan Program. Chamberlain undergraduate students may also be eligible for Subsidized Loans within the Federal Direct Student Loan Program.

- *Direct Subsidized Loan:* Awarded on the basis of student financial need, it is a low-interest loan (a portion of the interest is subsidized by the Federal government) available to undergraduate students with interest charges and principal repayment deferred until six months after a student no longer attends school on at least a half-time basis (the student is responsible for paying the interest charges during the six months after no longer attending school on at least a half-time basis for those loans with a first disbursement between July 1, 2012 and July 1, 2014). First time borrowers after July 1, 2013 are eligible for Direct Subsidized Loans only for 150% of the published length of their academic program. Loan limits per academic year range from $3,500 for students in their first academic year to $5,500 for students in their third or higher undergraduate academic year.

- *Direct Unsubsidized Loan:* Awarded to students who do not meet the needs test or as an additional supplement to the Direct Subsidized Loan. These loans incur interest from the time funds are disbursed, but actual principal and interest payments may be deferred until six months after a student no longer attends school on at least a half-time basis. Unsubsidized Loan limits per academic year range from $2,000 for students in their first and second academic year to $7,000 in later undergraduate years and increasing to $20,500 per academic year for graduate and professional program students. Additionally, a student without financial need may borrow an additional amount of Unsubsidized Loans up to the limit of the Direct Subsidized Loan at their respective academic grade level. The total Direct Subsidized and/or Unsubsidized Loan aggregate borrowing limit for undergraduate students is $57,500 and $138,500 for graduate students, which is inclusive of Direct Subsidized and Unsubsidized Loan amounts borrowed as an undergraduate.

- *Direct Parent PLUS and Direct Grad PLUS Loans*: Enables a graduate student or parents of a dependent undergraduate student to borrow additional funds to meet the cost of the student's education. These loans are not based on financial need, nor are they subsidized. Interest begins to accrue, and repayment obligations begin, immediately after the loan is fully disbursed, but may be deferred until a student no longer attends school on at least a half-time basis. Graduate students and parents may borrow funds up to the cost of attendance, which includes allowances for tuition, fees and living expenses. Both Parent PLUS and Grad PLUS are subject to credit approval, which generally requires the borrower to be free of any current adverse credit conditions. A co-borrower may be used to meet the credit requirements.

3. *Federal Work-study*. This program offers work opportunities, both on or off campus, on a part-time basis to students who demonstrate financial need. Federal Work-study wages are paid partly from federal funds and partly from qualified employer funds.

State Financial Aid Programs

Certain states, including Arizona, California, Florida, Illinois, Indiana, Louisiana, Ohio and Vermont, offer state grant or loan assistance to eligible undergraduate students attending Adtalem institutions.

Canadian Government Financial Aid Programs

Canadian citizens or permanent residents of Canada (other than students from the Northwest Territories, Nunavet or Quebec) are eligible for loans under the Canada Student Loans Program, which is financed by the Canadian government. Eligibility and amount of funding vary by province. Students attending Chamberlain online while in the U.S., or attending AUC, RUSM or RUSVM, may be eligible for the Canada Student Loan Program. The loans are interest-free while the student is in school, and repayment begins six months after the student leaves school. Qualified students also may benefit from Canada Study Grants (designed for students whose financial needs and special circumstances cannot otherwise be met), tax-free withdrawals from retirement savings plans, tax-free education savings plans, loan repayment extensions and interest relief on loans.

Information about Other Financial Aid Programs

Private Loan Programs

Some Chamberlain, AUC, RUSM and RUSVM students rely on private (non-federal) loan programs for financial assistance. These programs are used to finance the gap between a student's educational and living costs and their financial aid awards. The amount of the typical loan varies significantly according to the student's enrollment and financial aid awards.

Most private loans are approved using the student's or a co-borrower's credit history. The cost of these loans varies, but in almost all cases will be more expensive than the federal programs. The application process is separate from the traditional financial aid process. Student finance personnel at Adtalem's degree-granting institutions coordinate these processes so that students generally receive assistance from the federal and state programs before utilizing private loans.

Adtalem does not maintain a preferred lender list, but does list all of the lenders that made private loans to Adtalem students in the previous year and still offer loans to Adtalem students.

Tax-favored Programs

The U.S. has a number of tax-favored programs aimed at promoting savings for future college expenses. These include state-sponsored "529" college savings plans, state-sponsored prepaid tuition plans, education savings accounts (formerly known as education IRAs), custodial accounts for minors, Hope and Lifetime Learning credits and tax deductions for interest on student loans.

Brazilian Government Financial Aid Programs

Adtalem Brazil students are eligible for loans under Brazil's FIES public loan program ("*Fundo de Financiamento Estudantil*" or "Students Financing Fund"), which is financed by the Brazilian government. Adtalem Brazil also participates in PROUNI ("*Programa Universidade para Todos*" or "University for All Program"), a Brazilian governmental program, which provides federal tax incentives to educational institutions in exchange for providing scholarships to lower income undergraduate students.

FIES targets students from low socio-economic backgrounds enrolled at private postsecondary institutions. Eligible students receive loans with below market interest rates. For contracts signed prior to calendar year 2018, the students are required to begin repaying after an 18-month grace period upon graduation. For contracts signed beginning in calendar year 2018, there is no grace period and the students start repaying small installments during the first month after borrowing. FIES pays participating educational institutions tax credits, which can be used to pay certain federal taxes and social contributions. FIES repurchases excess credits for cash. For contracts signed before 2017, FIES deducts from periodic payments to Adtalem Brazil an average amount of 5.81% to cover administrative expenses (5.63%) and student defaults (0.18%). For contracts signed beginning in calendar year 2018, FIES deducts from periodic payments to Adtalem Brazil an average amount of 15% to cover administrative expenses (2%) and student defaults (13%). Under current FIES rules, there is no additional cost to Adtalem Brazil if students fail to pay their loans under the applicable rules. There have been preliminary discussions by the Brazilian government of charging the institutions for a portion of the FIES student loan defaults. Should these discussions result in FIES rule changes, this could result in an increase in bad debt expense for Adtalem Brazil operations. As of June 30, 2019, approximately 16% of Adtalem Brazil's degree-seeking students have obtained financing under the FIES program. This represents approximately 15% of Adtalem Brazil's revenue.

PROUNI promotes the offering of tuition discounts in private postsecondary education schools by granting federal tax incentives for the participating institutions. Discounts reduce tuition by either 50% or 100%. The percentage is driven by rules defined by the Brazilian government based on family monthly earnings. Neither Adtalem Brazil nor its students receive direct funding from the federal government for the tuition discounts granted. Instead, Adtalem Brazil reduces its income tax expense and its income tax liability for the amount of the discounts issued. As of June 30, 2019, approximately 37% of Adtalem Brazil's undergraduate students have obtained scholarships under the PROUNI program.

The FIES and PROUNI programs are required to be managed in accordance with government standards. Any regulatory violation can be the basis for disciplinary action, including suspension, limitation or termination of rights under the financial assistance program.

In addition to the requirements that educational institutions must meet, student recipients of FIES and PROUNI must maintain satisfactory academic progress towards completion of their programs of study and an appropriate grade point average every semester.

The Brazilian government has stated that it is supportive of the FIES program, which is important in helping achieve the national goal of increasing the number of college graduates; however, changes enacted in recent years to the FIES regulations added restrictions limiting student eligibility for FIES funding and extending the government's time to disburse funding to participating institutions. These changes include reducing the number of new FIES contracts and adding minimum required entrance test scores in order to qualify for a FIES loan. In addition, the annual interest rate borrowers are charged increased from 3.4% to 6.5%.

Adtalem-Provided Financial Assistance

Chamberlain students are eligible for numerous institutional scholarships with awards up to $2,500 per session.

Students at AUC may be eligible for an institutional scholarship, ranging from $5,000 to $55,000 to cover expenses incurred from tuition and fees. Students at RUSM may be eligible for an institutional scholarship, ranging from $2,500 to $40,000 to cover expenses incurred from tuition and fees. Students at RUSVM may be eligible for an institutional scholarship, ranging from $600 to $24,000 to cover expenses incurred from tuition and fees.

Adtalem's institutional loan programs are available to students at its Chamberlain, AUC, RUSM and RUSVM institutions. These loan programs are designed to assist students who are unable to completely cover educational costs consisting of tuition, books and fees and are available only after all other student financial assistance has been applied toward those purposes. In addition, AUC, RUSM and RUSVM loans may be used for students' living expenses. Repayment plans for institutional loan program balances are developed to address the financial circumstances of the particular student. Interest charges accrue each month on the unpaid balance. Students begin repaying loans while they are still in school with a minimum payment level designed to demonstrate their capability to repay and reduce the possibility of over borrowing and to minimize interest being accrued on the loan balance. Payments may increase upon completing or departing the program. After a student leaves school, the student typically will have a monthly installment repayment plan.

The institutional loans do not impose any origination fees, in general have a fixed rate of interest, and most carry annual and aggregate maximums that ensure that they are only a supplemental source of funding and not relied on as the main source. Borrowers must be current in their payments in order to be eligible for subsequent disbursements. Borrowers are advised about the terms of the loans and counseled to utilize all federal funding options.

Adtalem institutional loans are carried on our balance sheet, net of related reserves, and there are no relationships with external parties that shift the risk away from Adtalem.

Employer-Provided Tuition Assistance

Chamberlain students who receive employer tuition assistance may choose from several deferred tuition payment plans. Students eligible for tuition reimbursement plans may have their tuition billed directly to their employers or payment may be deferred until after the end of the session. Educational expenses paid by an employer on behalf of an employee generally are excludable from the employee's income if provided under a qualified educational assistance plan. At present, the maximum annual exclusion is $5,250.

Becker

Students taking the Becker review courses are not eligible for federal or state financial aid, but many receive partial or full tuition reimbursement from their employers. Private loans are also available to students to help meet the program costs. In addition, Becker's CPA Exam Review Course can be financed through Becker under an 18-month term loan program.

LEGISLATIVE AND REGULATORY REQUIREMENTS

Government-funded financial assistance programs are governed by extensive and complex regulations in the U.S., Canada and Brazil. Like other educational institutions, Adtalem's administration of these programs is periodically reviewed by various regulatory agencies and is subject to audit or investigation by other governmental authorities. Any violation could be the basis for penalties or other disciplinary action, including initiation of a suspension, limitation or termination proceeding.

U.S. Federal Regulations

Our domestic postsecondary institutions are subject to extensive federal and state regulations. The HEA and the related ED regulations govern all higher education institutions participating in Title IV programs, and provide for a regulatory triad by mandating specific regulatory responsibilities for each of the following:

- The federal government through ED;
- The accrediting agencies recognized by ED; and
- State higher education regulatory bodies.

To be eligible to participate in Title IV programs, a postsecondary institution must be accredited by an accrediting body recognized by ED, must comply with the HEA and all applicable regulations thereunder, and must be authorized to operate by the appropriate postsecondary regulatory authority in each state in which the institution operates, as applicable.

In addition to governance by the regulatory triad, there has been focus in recent years by members of the U.S. Congress and federal agencies, including ED, the Consumer Financial Protection Bureau ("CFPB") and the Federal Trade Commission ("FTC"), on the role that proprietary educational institutions play in higher education. We expect that this challenging regulatory environment will continue for the foreseeable future.

Changes in or new interpretations of applicable laws, rules, or regulations could have a material adverse effect on our eligibility to participate in Title IV programs, accreditation, authorization to operate in various states, permissible activities, and operating costs. The failure to maintain or renew any required regulatory approvals, accreditation, or state authorizations could have a material adverse effect on us. ED regulations regarding financial responsibility provide that, if any one of our Title IV-eligible institutions is unable to pay its obligations under its program participation agreement as a result of operational issues and/or an enforcement action, our other Title IV institutions, regardless of their compliance with applicable laws and regulations, would not be able to maintain their Title IV eligibility without assisting in the repayment of the first institution's Title IV obligations. As a result, even though Adtalem's Title IV participating institutions ("Title IV Institutions") are operated through independent entities, an enforcement action against one of our institutions could also have a material adverse effect on the businesses, financial condition, results of operations and cash flows of Adtalem's other institutions and Adtalem as a whole and could result in the imposition of significant restrictions on the ability of Adtalem's other institutions and Adtalem as a whole to operate. For further information, see "*A bankruptcy filing by us or by any of our Title IV Institutions, or a closure of one of our Title IV Institutions, would lead to an immediate loss of eligibility to participate in Title IV programs*" under subsection "Risks Related to Adtalem's Highly Regulated Industry" in "Item 1A – Risk Factors" of this Annual Report on Form 10-K.

We have summarized the most significant regulatory requirements applicable to our domestic postsecondary operations. Adtalem has been impacted by these regulations and enforcement efforts and is currently facing multiple related lawsuits arising from the enhanced scrutiny facing the proprietary education sector. For information regarding such pending investigations and litigation, and the potential impact such matters could have on our institutions or on Adtalem, see in this Annual Report on Form 10-K: (1) "Note 15: Commitments and Contingencies" to the Consolidated Financial Statements in Item 8, (2) the subsection of "Item 1A – Risk Factors" titled "Risks Related to Adtalem's Highly Regulated Industry," and (3) the subsection of "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" titled "Liquidity and Capital Resources."

Eligibility and Certification Procedures

The HEA specifies the manner in which ED reviews institutions for eligibility and certification to participate in Title IV programs. Every educational institution participating in the Title IV programs must be certified to participate and is required to periodically renew this certification. Institutions that violate certain ED Title IV regulations, including its financial responsibility and administrative capability regulations, may lose their eligibility to participate in Title IV programs or may only continue participation under provisional certification. Schools that do not meet financial responsibility requirements are required to submit a letter of credit equal to at least 10% of their prior fiscal year Title IV disbursements and submit to ED's heightened cash monitoring process. Provisional certification status also carries fewer due process protections than full certification. As a result, ED may withdraw an institution's provisional certification more easily than if it is fully certified. Provisional certification does not otherwise limit access to Title IV program funds by students attending the institution.

Defense to Repayment Regulations

Under the HEA, ED is authorized to specify in regulations, which acts or omissions of an institution of higher education a borrower may assert as a defense to repayment of a loan ("Direct Loan") made under the Federal Direct Loan Program ("Direct Loan Program"). ED's current defense to repayment regulations ("Defense to Repayment Regulations") permit a borrower to assert a borrower defense to repayment of a Direct Loan if the institution's acts or omissions give rise to a cause of action against the institution under state law. On October 28, 2016, ED published final regulations (the "2016 DtR Regulations") expanding defenses and addressing other related matters, including certain circumstances under which ED may impose a fine, or limit, suspend, or terminate an institution's participation in Title IV programs. The 2016 DtR Regulations create a new federal standard for borrower defenses to repayment of Direct Loans, new limitation periods for such claims, and new processes for resolution of such claims. On June 14, 2017, ED announced that, due to pending litigation, it is indefinitely postponing implementing the majority of 2016 DtR Regulations, which were due to take effect on July 1, 2017. In September 2018, a federal judge ruled that ED's delay of these rules was illegal, requiring ED to move forward in their implementation. Implementation guidance was issued by ED in March 2019. ED had previously announced its intention to reassess and revise these rules, and ED published new draft Defense to Repayment Regulations on July 25, 2018. ED's proposal includes a higher threshold for establishing misrepresentation, provides for a statute of limitation for claims submission, narrows the current triggers allowed for letter of credit requirements and eliminates provisions for group discharges. ED has provided a comment period of 30 days, and is expected to publish final rules in the late fall of 2019; if implemented, the proposed rules would become effective with claims on loans disbursed on or after July 1, 2020. Management is unable to predict what any revised regulations may contain, the result of any other current or future rulemakings, or the impact of such rulemakings on our business.

"90/10 Rule"

An ED regulation known as the "90/10 Rule" affects only proprietary postsecondary institutions, such as Chamberlain, AUC, RUSM and RUSVM. Under this regulation, an institution that derives more than 90% of its revenue on a cash basis from Title IV student financial assistance programs in two consecutive fiscal years loses eligibility to participate in these programs for at least two fiscal years. The following table details the percentage of revenue on a cash basis from federal financial assistance programs (excluding the U.S. Department of Veterans Affairs and military tuition assistance benefits) for each of Adtalem's Title IV-eligible institutions for fiscal years 2018 and 2017. Final data for fiscal year 2019 is not yet available.

	Fiscal Year	
	2018	2017
Chamberlain University	62 %	63 %
American University of the Caribbean School of Medicine	74 %	80 %
Ross University School of Medicine	81 %	82 %
Ross University School of Veterinary Medicine	82 %	83 %

In September 2016, Adtalem committed to voluntarily limit to 85% the amount of revenue that each of its four Title IV-eligible institutions derive from federal funding, including the U.S. Department of Veterans Affairs and military tuition assistance benefits. As disclosed in the third party review report that has been made publicly available, Adtalem's institutions have met this lower threshold for fiscal year 2018. Final data for fiscal year 2019 is not yet available. Adtalem is committed to implementing measures to promote responsible recruitment and enrollment, successful student outcomes, and informed student choice. Management believes students deserve greater transparency to make informed choices about their education. This commitment builds upon a solid foundation and brings Adtalem to a new self-imposed level of public accountability and transparency.

Incentive Compensation

An educational institution participating in Title IV programs may not pay any commission, bonus or other incentive payments to any person involved in student recruitment or admissions or awarding of Title IV program funds, if such payments are based directly or indirectly in any part on success in enrolling students or obtaining student financial aid. The law and regulations governing this requirement have not established clear criteria for compliance in all circumstances, but, prior to 2011, there were 12 safe harbors that defined specific types of compensation that were deemed to constitute permissible incentive compensation. New rules effective in 2011 eliminated the 12 safe harbors. These changes increased the uncertainty about what constitutes incentive compensation and which employees are covered by the regulation. This makes the development of effective and compliant performance metrics more difficult to establish. As such, these changes have limited and are expected to continue to limit Adtalem's ability to compensate our employees based on their performance of their job responsibilities, which could make it more difficult to attract and retain highly-qualified employees. Management believes that Adtalem has not been, nor is currently, involved in any activities that violate the restrictions on commissions, bonuses or other incentive payments to any person involved in student recruitment, admissions or awarding of Title IV program funds.

Standards of Financial Responsibility

A financial responsibility test is required for continued participation by an institution's students in U.S. federal financial assistance programs. For Adtalem's participating institutions, this test is calculated at the consolidated Adtalem level. The test is based upon a composite score of three ratios: an equity ratio that measures the institution's capital resources; a primary reserve ratio that measures an institution's ability to fund its operations from current resources; and a net income ratio that measures an institution's ability to operate profitably. A minimum score of 1.5 is necessary to meet ED's financial standards. Institutions with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. These schools are subject to heightened cash monitoring and other participation requirements. An institution with a score of less than 1.0 is considered not financially responsible. However, a school with a score of less than 1.0 may continue to participate in the Title IV programs under provisional certification. In addition, this lower score typically requires that the school be subject to heightened cash monitoring requirements and post a letter of credit (equal to a minimum of 10% of the Title IV aid it received in the institution's most recent fiscal year).

For the past several years, Adtalem's composite score has exceeded the required minimum of 1.5. If Adtalem becomes unable to meet requisite financial responsibility standards or otherwise demonstrate, within the regulations, its ability to continue to provide educational services, then Adtalem could be subject to heightened cash monitoring or be required to post a letter of credit to enable its students to continue to participate in federal financial assistance programs.

Administrative Capability

The HEA directs ED to assess the administrative capability of each institution to participate in Title IV programs. The failure of an institution to satisfy any of the criteria used to assess administrative capability may cause ED to determine that the institution lacks administrative capability and, therefore, subject the institution to additional scrutiny or deny its eligibility for Title IV programs.

State Authorization

Institutions that participate in Title IV programs must be authorized to operate by the appropriate postsecondary regulatory authority in each state where the institution has a physical presence. Chamberlain is specifically authorized to operate in all of the domestic jurisdictions that require such authorizations. Some states assert authority to regulate all degree-granting institutions if their educational programs are available to their residents, whether or not the institutions maintain a physical presence within those states. Chamberlain has obtained licensure in states which require such licensure and where their students are enrolled.

On December 19, 2016, ED published new rules concerning requirements for institutional eligibility to participate in Title IV programs. The regulations, which would have become effective beginning July 1, 2018, but which have been delayed until July 1, 2020, require an institution offering distance education or correspondence courses to be authorized by each state from which the institution enrolls students, if such authorization is required by the state. If an institution offers postsecondary education through distance education or correspondence courses in a state that participates in a state authorization reciprocity agreement, and the institution offering the program is located in a state where it is also covered by such an agreement, the institution would be considered legally authorized to offer postsecondary distance or correspondence education in the state where courses are offered via distance education, subject to any limitations in that agreement. The regulations also require an institution to document the state processes for resolving complaints from students enrolled in programs offered through distance education or correspondence courses. With regard to additional locations or branch campuses located in international countries, the regulations require that such campuses be authorized by an appropriate government agency of the country where the additional location or branch campus is located and, if at least half of an educational program can be completed at the location or branch campus, be approved by the institution's accrediting agency and be reported to the state where the institution's main campus is located. Lastly, the regulations require that an institution provide certain disclosures to enrolled and prospective students regarding its programs offered solely through distance education or correspondence courses. ED renegotiated these rules as part of the 2018-2019 Accreditation and Innovation rule-making sessions. The draft rule published by ED largely comports with the prior requirements as previously described.

Cohort Default Rates

ED has instituted strict regulations that penalize institutions whose students have high default rates on federal student loans. Depending on the type of loan, a loan is considered in default after the borrower becomes at least 270 or 360 days past due. For a variety of reasons, higher default rates are often found in private-sector institutions and community colleges — many of which tend to have a higher percentage of low-income students enrolled than do four-year publicly supported and independent colleges and universities.

Educational institutions are penalized to varying degrees under the Federal Direct Student Loan Program, depending on the default rate for the “cohort” defined in the statute. An institution with a cohort default rate that exceeds 20% for the year is required to develop a plan to reduce defaults, but the institution’s operations and its students’ ability to utilize student loans are not restricted. An institution with a cohort default rate of 30% or more for three consecutive years is ineligible to participate in these loan programs and cannot offer student loans administered by ED for the fiscal year in which the ineligibility determination is made and for the next two fiscal years. Students attending an institution whose cohort default rate has exceeded 30% for three consecutive years also are ineligible for Pell Grants. Any institution with a cohort default rate of 40% or more in any year is subject to immediate limitation, suspension or termination proceedings from all federal aid programs.

According to ED, the three-year cohort default rate for all colleges and universities eligible for federal financial aid decreased to 10.8% in fiscal year 2015 (the latest period for which data are available) from 11.5% in fiscal year 2014.

Default rates for Chamberlain, AUC, RUSM and RUSVM students follow. The latest period for which final three-year data is available is fiscal year 2015.

	Cohort Default Rate	
	2015	2014
Chamberlain University	3.8 %	3.4 %
American University of the Caribbean School of Medicine	1.0 %	1.2 %
Ross University School of Medicine	0.9 %	0.7 %
Ross University School of Veterinary Medicine	0.7 %	0.2 %

Satisfactory Academic Progress

In addition to the requirements that educational institutions must meet, student recipients of financial aid must maintain satisfactory academic progress toward completion of their program of study and an appropriate grade point average.

Change of Ownership or Control

Any material change of ownership or change of control of Adtalem, depending on the type of change, may have significant regulatory consequences for each of Adtalem's Title IV-eligible institutions. Such a change of ownership or control could require recertification by ED, the re-evaluation of accreditation by our institutions' accreditors and/or reauthorization by state licensing agencies. If we experience a material change of ownership or change of control, then Chamberlain, AUC, RUSM and RUSVM may cease to be eligible to participate in Title IV programs until recertified by ED. There is no assurance that such recertification would be obtained on a timely basis. After a material change in ownership or change of control, most institutions will participate in Title IV programs on a provisional basis for a period of one to three years.

In addition, most institutions would be required to report any material change in stock ownership to their principal institutional accrediting body, including in the case of Chamberlain, the HLC, and would be required to obtain approval prior to undergoing any transaction that affects, or may affect, its corporate control or governance. In the event of any such change, the applicable accreditor may undertake an evaluation of the effect of the change on the continuing operations of the affected institution for purposes of determining if continued accreditation is appropriate, which evaluation may include a comprehensive review.

In addition, some states in which our institutions are licensed require approval (in some cases, advance approval) of material changes in ownership or changes of control in order to remain authorized to operate in those states, and participation in grant programs in some states may be interrupted or otherwise affected by such a change in ownership or control.

Refer to "*If regulators do not approve, or delay their approval, of transactions involving a material change of ownership or change of control of our company, the eligibility of our institutions to participate in Title IV programs, our institutions' accreditation and our institutions' state licenses may be impaired in a manner that materially and adversely affects our business*" under subsection "Risks Related to Adtalem's Highly Regulated Industry" in "Item 1A – Risk Factors" of this Annual Report on Form 10-K.

Brazil Regulations

Governmental regulations in foreign countries significantly affect our international operations. New or revised interpretations of regulatory requirements could have a material adverse effect on us. Changes in existing or new interpretations of applicable laws, rules, or regulations in the foreign jurisdictions in which we operate could have a material adverse effect on our accreditation, authorization to operate, permissible activities, and costs of doing business outside of the U.S. The failure to maintain or renew any required regulatory approvals could have a material adverse effect on our international operations.

State Approvals and Licensing

Adtalem institutions require authorizations from many state higher education authorities or Canadian ministries to recruit students, operate schools, conduct exam preparation courses and grant degrees. Generally, the addition of any new program of study or new operating location also requires approval by the appropriate licensing and regulatory agencies. In the U.S., each Chamberlain location is approved to grant certificates, diplomas, associate, bachelor's, master's and/or doctorate degrees by the respective state in which it is located. Additionally, many states require approval for out-of-state institutions to recruit within their state or offer instruction through online modalities to residents of their states. Adtalem believes it is in compliance with all state requirements as an out-of-state institution. AUC and RUSM clinical programs are accredited as part of their programs of medical education by their respective accrediting bodies, approved by the appropriate boards in those states that have a formal process to do so, and are reported to ED as required.

Many states and Canadian provinces require private-sector postsecondary education institutions to post surety bonds for licensure. In the U.S., Adtalem has posted approximately $9.0 million of surety bonds with regulatory authorities on behalf of Chamberlain, AUC, RUSM, RUSVM and Becker.

Certain states have set standards of financial responsibility that differ from those prescribed by federal regulation. Adtalem believes it is in material compliance with state and Canadian provincial regulations. If Adtalem were unable to meet the tests of financial responsibility for a specific jurisdiction, and could not otherwise demonstrate financial responsibility, Adtalem could be required to cease operations in that state. To date, Adtalem has successfully demonstrated its financial responsibility where required.

SEASONALITY

Adtalem's quarterly revenue and net income fluctuate primarily as a result of the pattern of student enrollments. Generally, the schools' highest enrollment and revenue typically occur in the fall, which corresponds to the second and third quarters of Adtalem's fiscal year. Enrollment is slightly lower in the spring, except in Brazil, and the lowest enrollment generally occurs during the summer months. Adtalem's operating costs do not fluctuate as significantly on a quarterly basis.

Results of operations reflect both this seasonal enrollment pattern and the pattern of student recruiting activity costs that precede the start of every term. Revenue, operating income and net income by quarter for each of the past two fiscal years are included in "Note 17: Quarterly Financial Data" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

EMPLOYEES

As of June 30, 2019, Adtalem had the following number of employees:

	Faculty and Staff		Temporary and Student	
	Full-time	Part-time	Employees	Total
Chamberlain University	1,576	16	284	1,876
Medical and Veterinary Schools	939	20	46	1,005
Financial Services	643	8	44	695
Adtalem Brazil	2,194	2,392	97	4,683
Home Office	761	8	28	797
Total	6,113	2,444	499	9,056

Adtalem also utilizes approximately 2,300 independent contractors who teach as adjunct faculty and instructors. These independent contractors are not included in the above table. Approximately 60 administrative and support employees of RUSM's medical school campus in Barbados and approximately 5,000 employees at Adtalem Brazil are covered by respective collective bargaining agreements with local unions. Our management believes that we have good relations with our employees. During fiscal year 2019, Adtalem implemented workforce reductions that reduced its workforce by 374 positions at RUSM and Adtalem's home office.

TRADEMARKS AND SERVICE MARKS

Adtalem owns and uses numerous trademarks and service marks, such as "Adtalem," "American University of the Caribbean," "Association of Anti-Money Laundering Specialists," "ACAMS," "Becker Professional Education," "Becker CPA Review," "Chamberlain College of Nursing," "Chamberlain University," "Ross University" and others. All trademarks, service marks, certification marks, patents and copyrights associated with its businesses are owned in the name of Adtalem Global Education Inc. or a subsidiary of Adtalem Global Education Inc. Adtalem vigorously defends against infringements of its trademarks, service marks, certification marks, patents and copyrights.

ADDITIONAL INFORMATION

Adtalem's website address is http://www.adtalem.com.

Through its website, Adtalem offers its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) (the "Exchange Act") as soon as reasonably practicable after it electronically files such material with, or furnishes such material to, the SEC. The website also includes copies of the following:

Academic Quality Committee Charter

Audit and Finance Committee Charter
Code of Conduct and Ethics
Compensation Committee Charter
Director Nominating Process
External Relations Committee Charter
Governance Principles
Nominating and Governance Committee Charter
Policy for Communicating Allegations Related to Accounting Complaints
Policy for Shareholder Communication with Directors

Information contained on the website is not incorporated by reference into this report.

Copies of the Adtalem's filings with the SEC and the above-listed policies and charters also may be obtained without charge by written request to Investor Relations at Adtalem's executive offices. In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including Adtalem, that file electronically with the SEC; the website address is http://www.sec.gov.

ITEM 1A — RISK FACTORS

Adtalem's business operations are subject to numerous risks and uncertainties, some of which are not entirely within our control. Investors should carefully consider the risk factors described below and all other information contained in this Annual Report on Form 10-K before making an investment decision with respect to Adtalem's common stock. If any of the following risks are realized, Adtalem's business, results of operations, financial condition and cash flows could be materially and adversely affected, and as a result, the price of Adtalem's common stock could be materially and adversely affected. Management cannot predict all the possible risks and uncertainties that may arise. Risks and uncertainties that may affect Adtalem's business include the following:

Risks Related to Adtalem's Highly Regulated Industry

We are subject to regulatory audits, investigations, lawsuits or other proceedings relating to compliance by the institutions in the Adtalem portfolio with the numerous laws and regulations in the U.S. and foreign jurisdictions applicable to the postsecondary education industry

Due to the highly regulated nature of proprietary postsecondary institutions, we are subject to audits, compliance reviews, inquiries, complaints, investigations, claims of non-compliance and lawsuits by federal and state governmental agencies, regulatory agencies, accrediting agencies, present and former students and employees, shareholders and other third parties, any of whom may allege violations of any of the legal and regulatory requirements applicable to us. If the results of any such claims or actions are unfavorable to us or one or more of our institutions, we may be required to pay monetary judgments, fines or penalties, be required to repay funds received under Title IV programs or state financial aid programs, have restrictions placed on or terminate our schools' or programs' eligibility to participate in Title IV programs or state financial aid programs, have limitations placed on or terminate our schools' operations or ability to grant degrees and certificates, have our schools' accreditations restricted or revoked or be subject to civil or criminal penalties. ED regulations regarding financial responsibility provide that, if any one of our Title IV Institutions is unable to pay its obligations under its Program Participation Agreement ("PPA") as a result of operational issues and/or an enforcement action, our other Title IV Institutions, regardless of their compliance with applicable laws and regulations, would not be able to maintain their Title IV eligibility without assisting in the repayment of the non-compliant institution's Title IV obligations. As a result, even though Adtalem's Title IV Institutions are operated through independent entities, an enforcement action against one of our institutions could also have a material adverse effect on the businesses, financial condition, results of operations and cash flows of Adtalem's other Title IV Institutions and Adtalem as a whole and could result in the imposition of significant restrictions on the ability for Adtalem's other Title IV Institutions and for Adtalem as a whole to operate.

The ongoing regulatory effort aimed at proprietary postsecondary institutions of higher education could be a catalyst for additional legislative or regulatory restrictions, investigations, enforcement actions and claims.

The proprietary postsecondary education sector has at times experienced scrutiny from federal legislators, agencies, and state legislators and attorneys general. An adverse disposition of these existing inquiries, administrative actions or claims or the initiation of other inquiries, administrative actions or claims, could, directly or indirectly, have a material adverse effect on our business, financial condition, result of operations and cash flows and result in significant restrictions on us and our ability to operate.

Adverse publicity arising from investigations, claims or actions brought against us or other proprietary higher education institutions may negatively affect our reputation, business or stock price, or attract additional investigations, lawsuits or regulatory action.

Adverse publicity regarding any past, pending or future investigations, claims, settlements and/or actions against us or other proprietary postsecondary education institutions could negatively affect our reputation, student enrollment levels, revenue, profit and/or the market price of our common stock. Unresolved investigations, claims and actions, or adverse resolutions or settlements thereof, could also result in additional inquiries, administrative actions or lawsuits, increased scrutiny, the withholding of authorizations and/or the imposition of other sanctions by state education and professional licensing authorities, taxing authorities, our accreditors and other regulatory agencies governing us, which, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Government and regulatory agencies and third parties have initiated, and could initiate additional investigations, claims or actions against us, which could require us to pay monetary damages, halt certain business practices or receive other sanctions. The defense and resolution of these matters could require us to expend significant resources.

As described in "Note 15: Commitments and Contingencies," to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, Adtalem, and former subsidiaries DeVry University, Inc., and DeVry/New York Inc. are the subject of consumer lawsuits alleging facts similar to those alleged by the FTC and ED in previously resolved actions. Additionally, Adtalem, Chamberlain and DeVry University are the subject of Civil Investigative Demands ("CID") from the U.S. Department of Justice ("DOJ").

Due to the regulatory and enforcement efforts at times directed at proprietary postsecondary higher education institutions and adverse publicity arising from such efforts, we may face additional government and regulatory investigations and actions, lawsuits from private plaintiffs and shareholder class actions and derivative claims. We may incur significant costs and other expenses in connection with our response to, and defense, resolution or settlement of, investigations, claims or actions, or group of related investigations, claims or actions, which, individually or in the aggregate, could be outside the scope of, or in excess of, our existing insurance coverage and could have a material adverse effect on our financial condition, results of operations and cash flows. As part of our resolution of any such matter, or group of related matters, we may be required to comply with certain forms of injunctive relief, including altering certain business practices, or pay substantial damages, settlement costs, fines and/or penalties. In addition, findings or claims or settlements thereof could serve as a basis for additional lawsuits or governmental inquiries or enforcement actions, including actions under ED's defense to repayment regulations ("Defense to Repayment Regulations"). Such actions, individually or combined with other proceedings, could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate. Additionally, an adverse allegation, finding or outcome in any of these matters could also materially and adversely affect our ability to maintain, obtain or renew licenses, approvals or accreditation and maintain eligibility to participate in Title IV, Department of Defense and Veterans Affairs programs or serve as a basis for ED to discharge certain Title IV student loans and seek recovery for some or all of its resulting losses from us under future Defense to Repayment Regulations, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

ED has issued regulations setting forth new standards and procedures related to borrower defenses to repayment of Title IV loan obligations, and ED's right of recoveries against institutions following a successful borrower defense and institutional financial responsibility. It is possible that a finding or allegation arising from current or future legal proceedings or governmental administrative actions may create significant liability under the proposed regulations.

On October 28, 2016, ED published final rules concerning the acts or omissions of an institution of higher education that a student borrower may assert as a defense to repayment of a loan made under the 2016 DtR Regulations. The 2016 DtR Regulations created a new federal standard for borrower defenses, new limitation periods for borrower defense claims and new processes for resolution of such claims. On June 14, 2017, ED announced that it would indefinitely postpone the implementation of the majority of the 2016 DtR Regulations, which were due to take effect on July 1, 2017. In September 2018, a federal judge ruled that ED's delay of these rules was illegal, requiring ED to move forward in their implementation. Implementation guidance was issued by ED in March 2019. ED had previously announced its intention to reassess and revise these rules, and ED published new draft Defense to Repayment Regulations on July 25, 2018. ED allowed for a 30-day comment period and intends to publish final, revised Defense to Repayment Regulations in the late fall of 2019. Management is unable to predict the result of any current or future rulemakings or the impact of such rulemakings on our business. The outcome of any legal proceeding instituted by a private party or governmental authority, facts asserted in pending or future lawsuits and/or the outcome of any future governmental inquiry, lawsuit or enforcement action (including matters described in "Note 15: Commitments and Contingencies" to the Consolidated Financial Statements in Item 8 of this Form 10-K and in the subsection of Item 7 of this Annual Report on Form 10-K titled "Liquidity and Capital Resources") could serve as the basis for claims by students or ED under the Defense to Repayment Regulations, the posting of substantial letters of credit or the termination of eligibility of our institutions to participate in the Title IV program based on ED's institutional capability assessment, any of which could, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Regardless of the merits of our actions, while we intend to defend ourselves vigorously in all pending and future legal proceedings, we may settle certain matters for strategic reasons, as a part of a resolution of other matters or in order to avoid potentially worse consequences arising from inherently uncertain judicial or administrative processes. Moreover, regardless of the merits of our defenses, if we are unable to resolve certain legal proceedings or regulatory actions, indirect consequences arising from unproven allegations or appealable regulatory findings may have adverse consequences to us.

While the future of the Defense to Repayment Regulations remains uncertain, certain constituencies are advocating to maintain and/or create standards and processes that would afford holders of federal student loans the broadest relief possible, which could potentially arise as a consequence of certain findings in pending or future governmental inquiries, lawsuits or enforcement actions against us. Despite the merits of our actions and defense, we may settle certain matters for strategic reasons, as a part of a resolution of other matters or in order to avoid potentially worse consequences in inherently uncertain judicial or administrative processes. The terms of any such settlement could have a material adverse effect on our business, financial condition, operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate. Additionally, although inconsistent with its usual practices, ED has broad discretion to impose significant limitations on us and our business operations arising from acts it determines are in violation of their regulations, including the Defense to Repayment Regulations to the extent they are revised and re-issued. As a result, foreseeable and unforeseeable consequences of prior and prospective adjudicated or settled legal proceedings and regulatory matters could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

If the Defense to Repayment Regulations are not significantly modified through upcoming rulemaking, pending or future lawsuits, investigations, program reviews and other events could each trigger, automatically or in some cases at ED's discretion, the posting of letters of credit or other security.

The Defense to Repayment Regulations, if they are not significantly modified in connection with ED's announced new rulemaking and recent July 25, 2018 draft rules, ED could require Adtalem to post multiple and substantial letters of credit or other security in connection with, among other things, certain pending and future claims, investigations and program reviews, regardless of the merits of our actions or available defenses, or, potentially, the severity of any findings or facts stipulated. The aggregate amount of these letters of credit or other required security could materially and adversely limit our borrowing capacity under our credit agreement and our ability to make capital expenditures and other investments aimed at growing and diversifying our operations, sustain and fund our operations and make dividend payments to shareholders. Adtalem's credit agreement allows Adtalem to post up to $100 million in letters of credit. In the event Adtalem is required to post letters of credit in excess of the $100 million limit, Adtalem would be required to seek an amendment to its credit agreement or seek an alternative means of providing security required by ED. Adtalem may not be able to obtain the excess letters of credit or security or may only be able to obtain such excess letters of credit or security at significant cost.

We are subject to risks relating to regulatory matters. If we fail to comply with the extensive regulatory requirements for our operations, we could face fines and penalties, including loss of access to federal and state student financial aid for our students as well as significant civil liability.

As a provider of higher education, we are subject to extensive regulation. These regulatory requirements cover virtually all phases and aspects of our U.S. postsecondary operations, including educational program offerings, facilities, civil rights, safety, privacy, instructional and administrative staff, administrative procedures, marketing and recruiting, financial operations, payment of refunds to students who withdraw, acquisitions or openings of new schools or programs, addition of new educational programs and changes in our corporate structure and ownership.

In particular, in the U.S., the HEA subjects schools that participate in the various federal student financial aid programs under Title IV of the HEA ("Title IV"), which includes Chamberlain, AUC, RUSM, and RUSVM, to significant regulatory scrutiny. Adtalem's Title IV Institutions collectively receive 70% of their revenue from students under Title IV programs. As a result, the suspension, limitation or termination of the eligibility of any of our institutions to participate in Title IV programs could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

To participate in Title IV programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting commission recognized by ED and be certified by ED as an eligible institution, which ultimately is accomplished through the execution of a PPA.

Our institutions that participate in Title IV programs each do so pursuant to a PPA that, among other things, includes commitments to abide by all applicable laws and regulations, such as the Incentive Compensation and Substantial Misrepresentation. Alleged violations of such laws or regulations may form the basis of civil actions for violation of state and/or federal false claims statutes predicated on violations of a PPA, including pursuant to lawsuits brought by private plaintiffs on behalf of governments (qui tam actions), that have the potential to generate very significant damages linked to our receipt of Title IV funding from the government over a period of several years.

Government budgetary pressures and changes to laws governing financial aid programs could reduce our student enrollment or delay our receipt of tuition payments.

Our Title IV Institutions collectively receive 70% of their revenue from students under Title IV programs. As a result, any reductions in funds available to our students or any delays in payments to us under Title IV programs could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Action by the U.S. Congress to revise the laws governing the federal student financial aid programs or reduce funding for those programs could reduce Adtalem's student enrollment and/or increase its costs of operation. Political and budgetary concerns significantly affect Title IV programs. The U.S. Congress enacted the HEA to be reauthorized on a periodic basis, which most recently occurred in August 2008. The 2008 reauthorization of the HEA made significant changes to the requirements governing Title IV programs, including changes that, among other things:

- Regulated non-federal, private education loans;
- Regulated the relationship between institutions and lenders that make education loans;
- Revised the calculation of the student default rate attributed to an institution and the threshold rate at which sanctions will be imposed against an institution (as discussed above);
- Adjusted the types of revenue that an institution is deemed to have derived from Title IV programs and the sanctions imposed on an institution that derives too much revenue from Title IV programs;
- Increased the types and amount of information that an institution must disclose to current and prospective students and the public; and
- Increased the types of policies and practices that an institution must adopt and follow.

In the 115th Congress, committee leadership of the U.S. House of Representatives released partisan, comprehensive HEA proposals; the Senate did not put forth a comprehensive HEA reauthorization proposal. In the 116th Congress, neither chamber has yet introduced a comprehensive reauthorization proposal. However, there have been individual bills introduced on various HEA provisions, and committee leadership in both the House and Senate could release comprehensive HEA proposals during this Congress. When HEA is reauthorized, existing programs and participation requirements are subject to change. Additionally, funding for student financial assistance programs may be impacted during appropriations and budget actions.

The U.S. Congress can change the laws affecting Title IV programs in annual federal appropriations bills and other laws it enacts between the HEA reauthorizations. At this time, Adtalem cannot predict any or all of the changes that the U.S. Congress may ultimately make. Since a significant percentage of Adtalem's revenue is tied to Title IV programs, any action by the U.S. Congress that significantly reduces Title IV program funding or the ability of Adtalem's degree-granting institutions or students to participate in Title IV programs could have a material adverse effect on Adtalem's business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate. Certain provisions in proposed legislation, if enacted, could have a material adverse effect on our business, including but not limited to legislation that limits the enrollment of U.S. citizens in foreign medical schools and legislation that could require institutions to share in the risk of defaulted federal student loans.

Additionally, a shutdown of government agencies, such as ED, responsible for administering student financial aid programs under Title IV could lead to delays in student eligibility determinations and delays in origination and disbursement of government-funded student loans to our students. Funding for the federal government lapsed on each of January 20, 2018 and February 9, 2018, resulting in partial shutdowns that lasted for a few days and several hours, respectively. Funding for some portions of the federal government lapsed on December 22, 2018, resulting in a partial government shutdown that lasted for 35 days.

Our ability to comply with some ED regulations is affected by economic forces affecting our students and graduates that are not entirely within our control.

Our ability to comply with several ED regulations is not entirely within our control. In particular, our ability to participate in federal Title IV programs is dependent on the ability of our past students to avoid default on student loans, obtain employment and pay for a portion of their education with private funds. These factors are heavily influenced by broader economic drivers, including the personal or family wealth of our students, the overall employment outlook for their area of study and the availability of private financing sources. An economic downturn, or a worsening economic outlook, could impact these factors, which could have a material adverse effect on our business, financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

ED rules prohibiting "substantial misrepresentation" are very broad. As a result, we face increased exposure to litigation arising from student and prospective student complaints and enforcement actions by ED that could restrict or eliminate our eligibility to participate in Title IV programs.

ED regulations prohibit any "substantial misrepresentation" by our Title IV Institutions, employees and agents regarding the nature of the institution's educational programs, its financial charges or the employability of its graduates. These regulations may, among other things, subject us to sanctions for statements containing errors made to non-students, including any member of the public, impose liability on us for the conduct of others and expose us to liability even when no actual harm occurs. A "substantial misrepresentation" is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. It is possible that despite our efforts to prevent misrepresentations, our employees or service providers may make statements that could be construed as substantial misrepresentations. As a result, we may face complaints from students and prospective students over statements made by us and our agents in advertising and marketing, during the enrollment, admissions and financial aid process and throughout attendance at any of our Title IV Institutions, which would expose us to increased risk of enforcement action and applicable sanctions or other penalties, including potential Defense to Repayment liabilities, and increased risk of private qui tam actions under the Federal False Claims Act. If ED determines that an institution has engaged in substantial misrepresentation, ED may (1) fine the institution; (2) discharge students' debt and hold the institution liable for the discharged debt under the HEA and the Defense to Repayment Regulations; and/or (3) suspend or terminate an institution's participation in Title IV programs. Alternatively, ED may impose certain other limitations on the institution's participation in Title IV programs, which could include the denial of applications for approval of new programs or locations, a requirement to post a substantial letter of credit or the imposition of one of ED's heightened cash monitoring processes. Any of the forgoing actions could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Regulations governing the eligibility of our U.S. degree-granting institutions to participate in Title IV programs preclude us from compensating any employee or third-party involved in student recruitment, admissions or the awarding of financial aid based on their success in those areas. These regulations could limit our ability to attract and retain highly-qualified employees, to sustain and grow our business or to develop or acquire businesses that would not otherwise be subject to such regulations.

An educational institution participating in Title IV programs may not pay any commission, bonus or other incentive payments to any person involved in student recruitment or admissions or the awarding of Title IV program funds, if such payments are based directly or indirectly in any part on success in enrolling students or obtaining student financial aid. We endeavor to ensure our compliance with these regulations and have numerous controls and procedures in place to do so, but cannot be sure that our regulators will not determine that the compensation that we have paid our employees do not violate these regulations. Our limited ability to compensate our employees based on their performance of their job responsibilities could make it more difficult for us to attract and retain highly-qualified employees. These regulations may also impair our ability to sustain and grow our business, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

A failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.

All of our Title IV Institutions are subject to meeting financial and administrative standards. These standards are assessed through annual compliance audits, periodic renewal of institutional PPAs, periodic program reviews and ad hoc events which may lead ED to evaluate an institution's financial responsibility or administrative capability. The administrative capability criteria require, among other things, that our institutions (1) have an adequate number of qualified personnel to administer Title IV programs, (2) have adequate procedures for disbursing and safeguarding Title IV funds and for maintaining records, (3) submit all required reports and consolidated financial statements in a timely manner, and (4) not have significant problems that affect the institution's ability to administer Title IV programs. If ED determines, in its judgment, that one of our Title IV Institutions has failed to demonstrate either financial responsibility or administrative capability, we could be subject to sanctions, including, among other things, a requirement to post a letter of credit, fines, suspension or termination of our eligibility to participate in Title IV programs or repayment of funds received under Title IV programs, any of which could have a material adverse effect on our business, financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate. ED has considerable discretion under the regulations to impose the foregoing sanctions and, in some cases, such sanctions could be imposed without advance notice or any prior right of review or appeal.

If ED does not recertify any one of our institutions to continue participating in Title IV programs, students at that institution would lose their access to Title IV program funds. Alternatively, ED could recertify our institutions but require our institutions to accept significant limitations as a condition of their continued participation in Title IV programs.

ED certification to participate in Title IV programs lasts a maximum of six years, and institutions are thus required to seek recertification from ED on a regular basis in order to continue their participation in Title IV programs. An institution must also apply for recertification by ED if it undergoes a change in control, as defined by ED regulations.

Each of our Title IV Institutions operates under a PPA. There can be no assurance that ED will recertify an institution after its PPA expires or that ED will not limit the period of recertification to participate in Title IV programs to less than six years, place the institution on provisional certification or impose conditions or other restrictions on the institution as a condition of granting our application for recertification. If ED does not renew or withdraws the certification to participate in Title IV programs for one or more of our institutions at any time, students at such institution would no longer be able to receive Title IV program funds. Alternatively, ED could (1) renew the certifications for an institution, but restrict or delay receipt of Title IV funds, limit the number of students to whom an institution could disburse such funds or place other restrictions on that institution, or (2) delay recertification after an institution's PPA expires, in which case the institution's certification would continue on a month-to-month basis, any of which could have a material adverse effect on the businesses, financial condition, results of operations and cash flows of the institution or Adtalem as a whole and could result in the imposition of significant restrictions on the ability of the institution or Adtalem as a whole to operate.

If we fail to maintain our institutional accreditation or if our institutional accrediting body loses recognition by ED, we would lose our ability to participate in Title IV programs.

The loss of institutional accreditation by any of our Title IV Institutions would leave the affected institution ineligible to participate in Title IV programs and would have a material adverse effect on our business, financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate. In addition, an adverse action by any of our institutional accreditors other than loss of accreditation, such as issuance of a warning, could have a material adverse effect on our business. Increased scrutiny of accreditors by the Secretary of Education in connection with ED's recognition process may result in increased scrutiny of institutions by accreditors or have other consequences.

If regulators do not approve, or delay their approval of, transactions involving a material change of ownership or change of control of our company, the eligibility of our institutions to participate in Title IV programs, our institutions' accreditations and our institutions' state licenses may be impaired in a manner that materially and adversely affects our business.

A material change of ownership or change of control of Adtalem, depending on the type of change, may have significant regulatory consequences for Chamberlain, AUC, RUSM and RUSVM. Such a change of ownership or control could require recertification by ED, the reevaluation of accreditation by each institution's accreditors and/or reauthorization by each institutions' state licensing agencies. If Adtalem experiences a material change of ownership or change of control, then Chamberlain, AUC, RUSM and RUSVM may cease to be eligible to participate in Title IV programs until recertified by ED. The continuing participation of each of Chamberlain, AUC, RUSM and RUSVM in Title IV programs is critical to our business. Any disruption in an institution's eligibility to participate in Title IV programs would materially and adversely impact our business, financial condition, results of operations and cash flow.

In addition, each Title IV Institution is required to report any material change in stock ownership to its principal institutional accrediting body and would generally be required to obtain approval prior to undergoing any transaction that affects, or may affect, its corporate control or governance. In the event of any such change, each of our institution's accreditors may undertake an evaluation of the effect of the change on the continuing operations of our institution for purposes of determining if continued accreditation is appropriate, which evaluation may include a comprehensive review. If our accreditors determine that the change is such that prior approval was required, but was not obtained, many of our accreditors' policies require the accreditor to consider withdrawal of accreditation. If accreditation is suspended or withdrawn with respect to any of our Title IV Institutions, they would not be eligible to participate in Title IV programs until the accreditation is reinstated or is obtained from another appropriate accrediting body. There is no assurance that reinstatement of accreditation could be obtained on a timely basis, if at all, and accreditation from a different qualified accrediting authority, if available, would require a significant amount of time. Any material disruption in accreditation would materially and adversely impact our business, financial condition, results of operations and cash flow.

In addition, some states in which Chamberlain, AUC, RUSM and RUSVM are licensed require approval (in some cases, advance approval) of changes in ownership or control in order to remain authorized to operate in those states, and participation in grant programs in some states may be interrupted or otherwise affected by a change in ownership or control.

As of June 30, 2019, a substantial portion of our outstanding capital stock is owned by a small group of institutional shareholders. We cannot prevent a material change of ownership or change of control that could arise from a transfer of voting stock by any combination of those shareholders.

A bankruptcy filing by us or by any of our Title IV Institutions, or a closure of one of our Title IV Institutions, would lead to an immediate loss of eligibility to participate in Title IV programs.

In the event of a bankruptcy filing by Adtalem, all of our Title IV Institutions would lose their eligibility to participate in Title IV programs, pursuant to statutory provisions of the HEA, notwithstanding the automatic stay provisions of federal bankruptcy law, which would make any reorganization difficult to implement. Similarly, in the event of a bankruptcy filing by any of Adtalem's subsidiaries that own a Title IV Institution, such institution would lose its eligibility to participate in Title IV programs. In the event of any bankruptcy affecting one or more of our Title IV Institutions, ED could hold our other Title IV Institutions jointly liable for any Title IV program liabilities, whether asserted or unasserted at the time of such bankruptcy, of the institution whose Title IV program eligibility was terminated.

Further, in the event that an institution closes and fails to pay liabilities or other amounts owed to ED, ED can attribute the liabilities of that institution to other institutions under common ownership. If any one of our Title IV Institutions were to close or have unpaid ED liabilities, ED could seek to have those liabilities repaid by one of our other Title IV Institutions.

Student loan defaults could result in the loss of eligibility to participate in Title IV programs.

Our Title IV Institutions may lose their eligibility to participate in Title IV programs if their student loan default rates are greater than standards set by ED. An educational institution may lose its eligibility to participate in some or all Title IV programs, if, for three consecutive federal fiscal years, 30% or more of its students who were required to begin repaying their student loans in the relevant federal fiscal year default on their payment by the end of the next two federal fiscal years. In addition, an institution may lose its eligibility to participate in some or all Title IV programs if its default rate for a federal fiscal year was greater than 40%. If any of our Title IV Institutions lose eligibility to participate in Title IV programs because of high student loan default rates, it would have a material adverse effect on our business, financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate. The latest period for which final three-year default rates data is available is fiscal year 2015. Default rates for Chamberlain, AUC, RUSM and RUSVM students for fiscal year 2015 is 3.8%, 1.0%, 0.9% and 0.7%, respectively.

Our Title IV Institutions could lose their eligibility to participate in federal student financial aid programs if the percentage of their revenue derived from those programs were too high.

Our Title IV Institutions may lose eligibility to participate in Title IV programs if, on a cash basis, the percentage of the institution's revenue derived from Title IV programs for two consecutive fiscal years is greater than 90% (the "90/10 Rule"). Further, if an institution exceeds the 90% threshold for any single fiscal year, ED could place that institution on provisional certification status for the institution's following two fiscal years. If any of our Title IV Institutions lose eligibility to participate in Title IV programs because they are unable to comply with ED's 90/10 Rule, it could have a material adverse effect on our business, financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Our failure to comply with ED's credit hour rule could result in sanctions and other liability.

In 2009 and 2010, ED's Office of Inspector General criticized three accreditors, including the Higher Learning Commission ("HLC"), which is the accreditor for Chamberlain, for deficiency in their oversight of institutions' credit hour allocations. In June 2010, the House Education and Labor Committee held a hearing concerning accrediting agencies' standards for assessing institutions' credit hour policies. The 2010 Program Integrity Regulations defined the term "credit hour" for the first time and required accrediting agencies to review the reliability and accuracy of an institution's credit hour assignments. If an accreditor does not comply with this requirement, its recognition by ED could be jeopardized. If an accreditor identifies systematic or significant noncompliance in one or more of an institution's programs, the accreditor must notify the Secretary of Education. If ED determines that an institution is out of compliance with the credit hour definition, ED could impose liabilities or other sanctions, which could have a material adverse effect on our business, financial conditions, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

If we fail to maintain any of our state authorizations, we would lose our ability to operate in that state and to participate in Title IV programs in the state.

Our Title IV Institutions must be authorized to operate by the appropriate postsecondary regulatory authority in each state in which the institution is located. Campuses of our Title IV Institutions are authorized to operate and grant degrees, diplomas or certificates by the applicable education agency of the state in which each such campus is located. Many states are currently reevaluating and revising their authorization regulations, especially as applied to distance education. The loss of state authorization would, among other things, render the affected institution ineligible to participate in Title IV programs, at least at those state campus locations, and otherwise limit that school's ability to operate in that state. Loss of authorization in one or more states could increase the likelihood of additional scrutiny and potential loss of operating and/or degree-granting authority in other states in which we operate, which would further impact our business. If these pressures and uncertainty continue in the future, or if one or more of our institutions are unable to offer programs in one or more states, it could have a material adverse impact on our enrollment, revenue, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Our ability to place our medical schools' students in hospitals in the U.S. may be limited by efforts of certain state government regulatory bodies, which may limit the growth potential of our medical schools, put our medical schools at a competitive disadvantage to other medical schools or force our medical schools to substantially reduce their class sizes.

Each of AUC and RUSM enter into affiliation agreements with hospitals across the U.S. to place their third and fourth year students in clinical programs at such hospitals. Certain states with regulatory programs that require state approval of clinical education programs have in recent years precluded, limited or imposed onerous requirements on Adtalem's entry into affiliation agreements with hospitals in their states. If these or other states continue to limit access to affiliation arrangements, our medical schools may be at a competitive disadvantage to other medical schools, and our medical schools may be required to substantially restrict their enrollment due to limited clinical opportunities for enrolled students. The impact on enrollment, and the potential for enrollment growth, of such restrictions on our medical schools' clinical placements could have a material adverse effect on our business, financial conditions, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Budget constraints in states that provide state financial aid to our students could reduce the amount of such financial aid that is available to our students, which could reduce our enrollment and adversely affect our 90/10 Rule percentage.

Some states are experiencing budget deficits and constraints. Some of these states have reduced or eliminated various student financial assistance programs or established minimum performance measures as a condition of participation, and additional states may do so in the future. If our students who receive this type of assistance cannot secure alternate sources of funding, they may be forced to withdraw, reduce the rate at which they seek to complete their education or replace the source with more expensive forms of funding, such as private loans. Other students who would otherwise have been eligible for state financial assistance may not be able to enroll without such aid. This reduced funding could decrease our enrollment and adversely affect our business, financial condition, results of operations and cash flows.

In addition, the reduction or elimination of these non-Title IV sources of student funding may adversely affect our 90/10 Rule measurement.

We could be subject to sanctions if we fail to calculate accurately and make timely payment of refunds of Title IV program funds for students who withdraw before completing their educational program.

The HEA and ED regulations require us to calculate refunds of unearned Title IV program funds disbursed to students who withdraw from their educational program. If refunds are not properly calculated or timely paid, we may be required to post a letter of credit with ED or be subject to sanctions or other adverse actions by ED, which could have a material adverse effect on our financial condition, results of operation and cash flows.

A failure of our vendors to comply with applicable regulations in the servicing of our students and institutions could subject us to fines or restrictions on or loss of our ability to participate in Title IV programs.

We contract with unaffiliated entities for student software systems and services related to the administration of portions of our Title IV and institutional loan programs. Because each of our institutions may be jointly and severally liable for the actions of third-party servicers and vendors, failure of such servicers to comply with applicable regulations could have a material adverse effect on our institutions, including fines and the loss of eligibility to participate in Title IV programs, which could have a material adverse effect on our enrollment, revenue and results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate. If any of our third party servicers discontinues providing such services to us, we may not be able to replace such third party servicer in a timely, cost-efficient or effective manner, or at all, and we could lose our ability to comply with collection, lending and Title IV requirements, which could have a material adverse effect our enrollment, revenue and results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

We provide financing programs to assist some of our students in affording our educational offerings. These programs are subject to various federal and state rules and regulations. Failure to comply with these regulations could subject us to fines, penalties, obligations to discharge loans and other injunctive requirements.

If we, or one of the companies that service our loans, do not comply with laws applicable to the financing programs that assist our students in affording our educational offerings, including Truth in Lending and Fair Debt Collections Practices laws and the Unfair, Deceptive or Abusive Acts or Practices provisions of Title X of the Dodd-Frank Act, we could be subject to fines, penalties, obligations to discharge loans and other injunctive requirements, which could have a material adverse effect on our financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate. Additionally, an adverse allegation, finding or outcome in any of these matters could also materially and adversely affect our ability to maintain, obtain or renew licenses, approvals or accreditation and maintain eligibility to participate in Title IV programs or serve as a basis for ED to discharge certain Title IV student loans and seek recovery for some or all of its resulting losses from us, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Release of confidential information could subject us to civil penalties or cause us to lose our eligibility to participate in Title IV programs.

As an educational institution participating in federal and state student assistance programs and collecting financial receipts from enrollees or their sponsors, we collect and retain certain confidential information. Such information is subject to federal and state privacy and security rules, including the Family Education Right to Privacy Act, the Health Insurance Portability and Accountability Act and the Fair and Accurate Credit Transactions Act. Release or failure to secure confidential information or other noncompliance with these rules could subject us to fines, loss of our capacity to conduct electronic commerce and loss of eligibility to participate in Title IV programs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We could be subject to sanctions if we fail to accurately and timely report sponsored students' tuition, fees and enrollment to the sponsoring agency.

A significant portion of our enrollment is sponsored through various federal and state supported agencies and programs, including the U.S. Department of Defense, the U.S. Department of Labor and the U.S. Department of Veterans Affairs. We are required to periodically report tuition, fees and enrollment to the sponsoring agencies. As a recipient of funds, we are subject to periodic reviews and audits. Inaccurate or untimely reporting could result in suspension or termination of our eligibility to participate in these federal and state programs and have a material adverse impact on enrollment and revenue, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our enrollment may be adversely affected by presentations of data that are not representative of actual educational costs for our prospective students.

ED and other public policy organizations are concerned with the affordability of higher education and have developed various tools and resources to help students find low-cost educational alternatives. These resources primarily rely on and present data for first-time, full-time residential students, which is not representative of most of our prospective students. These presentations may influence some prospective students to exclude our institutions from their consideration, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Restrictions or limitations on the government-supported student loan and scholarship programs in Brazil could have a material and adverse impact on Adtalem Brazil's ability to attract and retain students and execute its plans for growth.

Adtalem Brazil students are eligible for loans under Brazil's public loan program "*Fundo de Financiamento Estudantil*" or "Students Financing Fund" ("FIES"), which is financed by the Brazilian government. Adtalem Brazil also participates in "*Programa Universidade para Todos*" or "University for All Program" ("PROUNI"), a Brazilian governmental program, which provides scholarships to a portion of its undergraduate students under certain conditions. As of June 30, 2019, approximately 16% of Adtalem Brazil's degree-seeking students have obtained financing under the FIES program while approximately 37% have obtained scholarships under the PROUNI program. Without prior notice, during fiscal year 2015, the Brazilian government enacted changes to the FIES regulations limiting student eligibility for FIES funding and extending the government's time to pay participating institutions. Restrictions or limitations on the FIES public loan program or student scholarships under the PROUNI program could have a material and adverse impact on Adtalem Brazil's ability to attract and retain students and execute its plans for growth, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Risks Related to Adtalem's Business

Student enrollment at our schools is affected by legislative, regulatory and economic factors that may change in ways we cannot predict. These factors outside our control limit our ability to assess our future enrollment effectively.

Our future revenue and growth depend on a number of factors, including many of the regulatory risks discussed above and business risks discussed below. Despite ongoing efforts to provide more scholarships to prospective students, and to increase quality and build our reputation, negative perceptions of the value of a college degree, increased reluctance to take on debt and the resulting lower student consumer confidence may continue to impact enrollment in the future. In addition, technological innovations in the delivery of low-cost education alternatives and increased competition could negatively affect enrollment.

We are subject to risks relating to enrollment of students. If we are not able to continue to successfully recruit and retain our students, our revenue may decline.

Our undergraduate and graduate educational programs are concentrated in selected areas of medical, healthcare, law and business. If applicant career interests or employer needs shift away from these fields, and we do not anticipate or adequately respond to that trend, future enrollment and revenue may decline and the rates at which our graduates obtain jobs involving their fields of study could fall.

If our graduates are unable to find appropriate employment opportunities or obtain professional licensure or certification, we may not be able to recruit new students.

If employment opportunities for our graduates in fields related to their educational programs decline or they are unable to obtain professional licenses or certifications in their chosen fields, future enrollment and revenue may decline as potential applicants choose to enroll at other educational institutions or providers.

We face heightened competition in the postsecondary education market from both public and private educational institutions.

Postsecondary education in our existing and new market areas is highly competitive and is becoming increasingly so. We compete with traditional public and private two-year and four-year colleges, other proprietary schools and alternatives to higher education. Some of our competitors, both public and private, have greater financial and nonfinancial resources than us. Some of our competitors, both public and private, are able to offer programs similar to ours at a lower tuition level for a variety of reasons, including the availability of direct and indirect government subsidies, government and foundation grants, large endowments, tax-deductible contributions and other financial resources not available to proprietary institutions, or by providing fewer student services or larger class sizes. An increasing number of traditional colleges and community colleges are offering distance learning and other online education programs, including programs that are geared towards the needs of working adults. This trend has been accelerated by private companies that provide and/or manage online learning platforms for traditional colleges and community colleges. As the proportion of traditional colleges providing alternative learning modalities increases, we will face increasing competition for students from traditional colleges, including colleges with well-established reputations for excellence. As the online and distance learning segment of the postsecondary education market matures, we believe that the intensity of the competition we face will continue to increase. This intense competition could make it more challenging for us to enroll students who are likely to succeed in our educational programs, which could adversely affect our new student enrollment levels and student persistence and put downward pressure on our tuition rates, any of which could materially and adversely affect our business, financial condition, results of operations and cash flows.

The personal information that we collect may be vulnerable to breach, theft or loss that could adversely affect our reputation and operations.

Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. We collect, use and retain large amounts of personal information regarding our students and their families, including social security numbers, tax return information, personal and family financial data and credit card numbers. We also collect and maintain personal information of our employees and contractors in the ordinary course of our business. Some of this personal information is held and managed by certain of our vendors. Confidential information also may become available to third parties inadvertently when we integrate or convert computer networks into our network following an acquisition or in connection with system upgrades from time to time.

Due to the sensitive nature of the information contained on our networks, such as students' financial information and grades, our networks may be targeted by hackers. Anyone who circumvents security measures could misappropriate proprietary or confidential information or cause interruptions or malfunctions in our operations. Although we use security and business controls to limit access and use of personal information, a third party may be able to circumvent those security and business controls, which could result in a breach of privacy. In addition, errors in the storage, use or transmission of personal information could result in a breach of privacy. Possession and use of personal information in our operations also subjects us to legislative and regulatory burdens that could require notification of data breaches and restrict our use of personal information. We cannot assure that a breach, loss or theft of personal information will not occur. A breach, theft or loss of personal information regarding our students and their families, customers, employees, or contractors that is held by us or our vendors could have a material adverse effect on our reputation and results of operations and result in liability under state and federal privacy statutes and legal actions by federal or state authorities and private litigants, any of which could have a material adverse effect on our business and result in the imposition of significant restrictions on us and our ability to operate.

System disruptions and vulnerability from security risks to our computer network or information systems could severely impact our ability to serve our existing students and attract new students.

The performance and reliability of our computer networks and system applications, especially online educational platforms and student operational and financial aid packaging applications, are critical to our reputation and ability to attract and retain students. System errors, disruptions or failures, including those arising from unauthorized access, computer hackers, computer viruses, denial of service attacks and other security threats, could adversely impact our delivery of educational content to our students or result in delays and/or errors in processing student financial aid and related disbursements. Such events could have a material adverse effect on the reputation of our institutions, our financial conditions, results of operation and cash flows. We may be required to expend significant resources to protect against system errors, failures or disruptions, or the threat of security breaches, or to repair or otherwise mitigate problems caused by any actual errors, disruptions, failures or breaches. We cannot ensure that these efforts will protect our computer networks, or fully mitigate the resulting impact of interruptions or malfunctions in our operations, despite our regular monitoring of our technology infrastructure security and business continuity plans.

Government regulations relating to the internet could increase our cost of doing business and affect our ability to grow.

The use of the internet and other online services has led to and may lead to the adoption of new laws and regulations in the U.S. or foreign countries and to new interpretations of existing laws and regulations. These new laws, regulations and interpretations may relate to issues such as online privacy, copyrights, trademarks and service marks, sales taxes, value-added taxes, withholding taxes, cost of internet access and services, allocation and apportionment of income amongst various state, local and foreign jurisdictions, fair business practices and the requirement that online education institutions qualify to do business as foreign corporations or be licensed in one or more jurisdictions where they have no physical location or other presence. New laws, regulations or interpretations related to doing business over the internet could increase our costs and materially and adversely affect our enrollment, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Natural disasters or other extraordinary events or political disruptions may cause us to close some of our schools.

We may experience business interruptions resulting from natural disasters, inclement weather, transit disruptions, political disruptions or other events in one or more of the geographic areas in which it operates, particularly in the West Coast and Gulf States of the U.S., the Caribbean and Brazil. These events could cause us to close schools — temporarily or permanently — and could affect student recruiting opportunities in those locations, causing enrollment and revenue to decline, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our ability to open new campuses, offer new programs and add capacity is dependent on regulatory approvals and requires financial and human resources.

As part of our strategy, we intend to open new campuses, offer new educational programs and add capacity to certain existing locations. Such actions require us to obtain appropriate federal, state and accrediting agency approvals. In addition, adding new locations, programs and capacity may require significant financial investments and human resource capabilities. The failure to obtain appropriate approvals or to properly allocate financial and human resources could adversely impact our future growth.

We may not be able to attract, retain and develop key employees necessary for our operations and the successful execution of our strategic plans.

We may be unable to attract, retain and develop key employees with appropriate educational qualifications and experience. Regulatory and other legal actions and the claims contained in these actions may have diminished our reputation, and these actions and the resulting negative publicity may have decreased interest by potential employees. In addition, we may be unable to effectively plan and prepare for changes in key employees. Such matters may cause us to incur higher wage expense and/or provide less student support and customer service, which could adversely affect enrollment, revenue and expense. A significant amount of our compensation for key employees is tied to our financial performance. We may require new employees in order to execute some of our strategic plans. Uncertainty regarding our future financial performance may limit our ability to attract new employees with competitive compensation or increase our cost of recruiting and retaining such new employees.

We may not be able to successfully identify, pursue or integrate acquisitions.

As part of our strategy, we are actively considering acquisition opportunities primarily in the U.S. We have acquired and expect to acquire additional education institutions or education related businesses that complement our strategic direction, some of which could be material to our operations. Any acquisition involves significant risks and uncertainties, including, but not limited to:

- Inability to successfully integrate the acquired operations and personnel into our business and maintain uniform standards, controls, policies and procedures;
- Failure to secure applicable regulatory approvals;
- Assumption of known and unknown liabilities;
- Diversion of significant attention of our senior management from day-to-day operations;
- Issues not discovered in our due diligence process, including compliance issues, commitments and/or contingencies; and
- Financial commitments, investments in foreign countries and compliance with debt covenants and ED financial responsibility scores.

Proposed changes in, or lapses of, U.S. tax laws regarding earnings from international operations could adversely affect our financial results.

Our effective tax rate could be subject to volatility or be adversely impacted by changes to federal tax laws governing the taxation of foreign earnings of U.S. based companies. For example, recent changes to U.S. tax laws will significantly impact how U.S. multinational corporations are taxed on foreign earnings. Numerous countries are evaluating their existing tax laws, due in part to recommendations made by the Organization for Economic Co-operation and Development's ("OECD's") Base Erosion and Profit Shifting ("BEPS") project. In addition, the recent U.S. tax law changes are subject to further interpretations from U.S. federal and state governments and regulatory organizations, such as the Treasury Department and/or Internal Revenue Service, and this could change the provisional tax liability or the accounting treatment of the provisional tax liability based on updated guidance and interpretations. A significant portion of the additional provisions for income taxes we have made due to the enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") is payable by us over a period of up to eight years. As a result, our cash flows from operating activities will be adversely impacted until the additional tax provisions are paid in full. In addition, Adtalem has benefitted from the ability to enter into international intercompany arrangements without incurring U.S. taxation due to a law, which expires in fiscal year 2020, deferring U.S. taxation of "foreign personal holding company income" such as foreign income from dividends, interest, rents and royalties. If this law is not extended, or a similar law adopted, our consolidated tax provision would be impacted beginning in our fiscal year 2021, and we may not be able to allocate international capital optimally without realizing U.S. income taxes, which would increase our effective income tax rate and adversely impact our earnings and cash flows.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be subject to volatility or adversely affected by: earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates; changes in the valuation of our deferred tax assets and liabilities; expiration of or lapses in various tax law provisions; tax treatment of stock-based compensation; costs related to intercompany or other restructurings; or other changes in tax rates, laws, regulations, accounting principles or interpretations thereof. In addition, we are subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Although we have accrued tax and related interest for potential adjustments to tax liabilities for prior years, there can be no assurance that the outcomes from these continuous examinations will not have a material effect, either positive or negative, on our business, financial condition and results of operation.

We may experience movements in foreign currency exchange rates that could adversely affect our operating results.

As we expand internationally, we will conduct more transactions in currencies other than the U.S. dollar. The volume of transactions in the various foreign currencies could continue to increase, thus increasing our exposure to foreign currency exchange rate fluctuations. The financial position and results of operations at Adtalem Brazil are measured using the Brazilian

Real as the functional currency. Brazilian-based assets constitute a material portion of Adtalem's overall assets, and Brazilian-based liabilities constitute a material portion of our overall liabilities. Significant devaluations in the Brazilian Real will result in a significant devaluation in relation to the U.S. dollar. Fluctuations in foreign currency exchange rates could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Expansion into new international markets will subject us to risks inherent in international operations.

As part of our strategy, we have acquired and intend to acquire or establish additional educational operations outside of the U.S. To the extent that we expand internationally, we will face risks that are inherent in international operations including, but not limited to:

- Compliance with foreign laws and regulations;
- Management of internal operations;
- Foreign currency exchange rate fluctuations;
- Ability to protect intellectual property;
- Monetary policy risks, such as inflation, hyperinflation and deflation;
- Price controls or restrictions on exchange of foreign currencies;
- Political and economic instability in the countries in which we operate;
- Potential unionization of employees under local labor laws;
- Multiple and possibly overlapping and conflicting tax laws;
- Inability to cost effectively repatriate cash balances; and
- Compliance with U.S. laws and regulations such as the Foreign Corrupt Practices Act.

Our goodwill and intangible assets potentially could be impaired if our business results and financial condition were materially and adversely impacted by risks and uncertainties.

Adtalem's market capitalization can be affected by, among other things, changes in industry or market conditions, changes in results of operations and changes in forecasts or market expectations related to future results. If our market capitalization were to remain below its carrying value for a sustained period of time or if such a decline becomes indicative that the fair values of our reporting units have declined below their carrying values, an impairment test may result in a non-cash impairment charge. As of June 30, 2019, intangible assets from business combinations totaled $418.1 million and goodwill totaled $874.5 million. Together, these assets equaled 58% of total assets as of such date. If our business results and financial condition were materially and adversely impacted, then such intangible assets and goodwill could be impaired, requiring a possible write-off of up to $418.1 million of intangible assets and up to $874.5 million of goodwill.

ITEM 1B – UNRESOLVED STAFF COMMENTS

There are no unresolved SEC staff comments.

ITEM 2 – PROPERTIES

Medical and Healthcare

Chamberlain

Chamberlain's home office is located in Downers Grove, Illinois. Chamberlain currently operates 21 campuses in various U.S. locations, of which 4 are in Adtalem owned locations and 17 in leased facilities. One of the campuses is co-located with RUSM. Chamberlain's total portfolio of academic and administrative operations comprise approximately 0.9 million square feet.

AUC

AUC's nine-acre campus is located in St. Maarten. The campus is owned and includes approximately 218,500 square feet of academic, student-life and student residence facilities. In addition to classrooms and auditoriums, educational facilities include a gross anatomy lab, a multi-purpose learning lab, library and learning resource centers, offices, cafeteria and recreational space facilities. The AUC campus is also supported by administrative staff located in Pembroke Pines, Florida.

RUSM

RUSM's campus is comprised of leased facilities of approximately 107,000 square feet are located in Barbados. Educational facilities include 102,000 square feet of classrooms, labs for anatomy and radiology imaging, simulation, physiology and pathology, exam rooms, private and group study, and faculty and administrative space. A residential village includes 5,000 square feet of administrative student services space surrounded by shopping and recreational facilities and over 400 multi-bedroom student units. The RUSM campus is also supported by administrative staff located in Miramar, Florida.

RUSVM

RUSVM's pre-clinical instructional facilities of approximately 224,000 square feet are located on a 50-acre site in St. Kitts which is owned. Educational facilities include an anatomy/clinical building, pathology building, research building with state-of-the-art necropsy lab, classroom buildings, administration building, bookstore, cafeteria and a library/learning resource center. Animal care facilities include kennels, an aviary and livestock barns. Student-life and student residence facilities are also located on the campus. The RUSVM campus is also supported by administrative staff located in Miramar, Florida.

Financial Services

Financial Services leases approximately 50,000 square feet for its administrative operations in various U.S. and international locations. Becker classes are conducted in leased facilities, fewer than 10 of which are leased on a full-time basis. The remaining classes are conducted in facilities that are leased on an as-needed basis, allowing classes to be added, expanded, relocated or closed as current enrollments require.

Business and Law

Adtalem Brazil

Adtalem Brazil operates 17 locations in Brazil. Adtalem Brazil's administrative operations are located within campuses located in Fortaleza and São Paulo as well as in two additional non-campus locations in Salvador and Rio de Janeiro. All of these locations comprise approximately 2.5 million square feet of space, of which approximately 1.9 million square feet are under lease agreements and approximately 0.6 million square feet are owned real estate.

Home Office

Adtalem's home office staff is located in two leased facilities in Chicago and Downers Grove, Illinois utilizing approximately 191,000 square feet of office space.

Adtalem's leased facilities are occupied under leases whose remaining terms range from 1 to 11 years. A majority of these leases contain provisions giving Adtalem the right to terminate early or renew its lease for additional periods at various rental rates, although generally at rates higher than are currently being paid. Adtalem's owned facilities total approximately 1.73 million square feet worldwide. No facility that is owned by Adtalem is subject to a mortgage or other indebtedness.

Adtalem is leasing space to DeVry University at five facilities owned by Adtalem and subleasing space, in full or in part, at an additional 24 facilities, of which 17 are subleased to DeVry University and/or Carrington. Adtalem remains the primary lessee on the 24 underlying leases. These lease and sublease agreements were entered into at comparable market rates and the terms range from one to seven years.

ITEM 3 – LEGAL PROCEEDINGS

For a discussion of legal proceedings, see "Note 15: Commitments and Contingencies" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

SUPPLEMENTARY ITEM-INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The name, age and current position of each executive officer of Adtalem as of the date of this filing are:

Name and Current Position	Age	Business Experience
Lisa W. Wardell Chairman of the Board, President and Chief Executive Officer, Adtalem Global Education	49	Ms. Wardell joined Adtalem in May 2016 as President and Chief Executive Officer and was appointed Chairman of the Board in July 2019. Previously, Ms. Wardell served on the Adtalem Board of Directors since 2008 and also chaired the audit and finance committee. Prior to joining Adtalem, Ms. Wardell was Executive Vice President

Name and Current Position	Age	Business Experience
		and Chief Operating Officer of The RLJ Companies from 2004 through 2016.
Kathy Boden Holland Group President, Medical and Healthcare Education, Adtalem Global Education	52	Ms. Boden Holland joined Adtalem in May 2018 as Group President, Medical and Healthcare Education. Previously, Ms. Boden Holland served on the Adtalem Board of Directors from January 2017 through May 2018. Prior to joining Adtalem, Ms. Boden Holland was Executive Vice President, Bank Products and in other executive leadership roles at Elevate Credit from 2014 through 2018. Previously, Ms. Boden Holland was Executive Vice President, Corporate Development at Think Finance Incorporated from 2012 to 2014 and President of RLJ Financial LLC from 2010 to 2012.
Mehul Patel Group President, Financial Services, Adtalem Global Education	45	Mr. Patel joined Adtalem in September 2017 as Group President, Financial Services. Prior to joining Adtalem, Mr. Patel was President of Apollo Global (a subsidiary of Apollo Education Group) where he also held other executive leadership roles from 2009 through 2017. Previously, Mr. Patel held a variety of leadership roles at Kaplan Professional (a division of Kaplan Inc.) from 2005 through 2009.
Thiago Aguiar Sayão Group President, Business and Law, Adtalem Global Education	46	Mr. Sayão joined Adtalem in 2015, as Vice President of Adtalem Brazil, upon the acquisition of Damásio Educacional. In June 2019, Mr. Sayão was appointed Group President, Business and Law. Prior to joining Adtalem, Mr. Sayão has held a number of executive positions and has nearly 20 years in education experience.
Dr. Karen Cox President, Chamberlain University	59	Dr. Cox joined Adtalem in August 2018 as President of Chamberlain University. Prior to joining Adtalem, Dr. Cox served as Executive Vice President and Chief Operating Officer of Children's Mercy – Kansas City an independent, academic medical center in Missouri, from 2006 through August 2018. Prior to that role, Dr. Cox was Senior Vice President for Patient Care Services and Chief Nursing Officer from 2004 through 2006.
Michael Randolfi Senior Vice President, Chief Financial Officer and Treasurer, Adtalem Global Education	47	Mr. Randolfi joined Adtalem in August 2019 as Senior Vice President, Chief Financial Officer and Treasurer. Mr. Randolfi succeeds Mr. Unzicker who had served as Adtalem's Chief Financial Officer and Treasurer until August 25, 2019. In connection with this transition, Mr. Unzicker continues to serve as Adtalem's principal financial officer and principal accounting officer through August 30, 2019, at which time Mr. Randolfi will assume those duties. Prior to joining Adtalem, Mr. Randolfi served as the Chief Financial Officer of Groupon, Inc. since April 2016. Prior to his CFO role at Groupon, Mr. Randolfi served as Chief Financial Officer of Orbitz Worldwide, Inc. from March 2013 until November 2015 (when he departed following its acquisition by Expedia, Inc.). Prior to Orbitz, Mr. Randolfi, spent fourteen years with Delta Airlines in a variety of

Name and Current Position	Age	Business Experience
		executive financial roles culminating in Senior Vice President and Controller.
Patrick J. Unzicker Principal Financial Officer and Principal Accounting Officer, Adtalem Global Education	48	Mr. Unzicker joined Adtalem in March 2006 as its Controller. In March 2012, Mr. Unzicker was appointed Vice President, Finance and Chief Accounting Officer and in March 2015, Mr. Unzicker assumed the Treasurer role. In June 2016, Mr. Unzicker was appointed Senior Vice President and Chief Financial Officer and maintained the Treasurer role. On August 26, 2019, Adtalem announced that it had appointed Mr. Randolfi as Adtalem's Senior Vice President, Chief Financial Officer and Treasurer. Mr. Randolfi succeeds Mr. Unzicker. In connection with this transition, Mr. Unzicker continues to serve as Adtalem's principal financial officer and principal accounting officer through August 30, 2019, at which time Mr. Randolfi will assume those duties. Prior to joining Adtalem, Mr. Unzicker was Vice President — Controller at Whitehall Jewelers, Inc., a mall-based retail jeweler, from July 2003 to March 2006.
Stephen W. Beard Chief Operating Officer and General Counsel, Adtalem Global Education	48	Mr. Beard joined Adtalem in February 2018 as Senior Vice President, Secretary and General Counsel. In January 2019, Mr. Beard was appointed Chief Operating Officer and General Counsel. Prior to joining Adtalem, Mr. Beard held a variety of leadership roles at Heidrick & Struggles, International from 2003 through 2018 and was most recently Executive Vice President, Chief Administrative Officer and General Counsel.
Donna N. Jennings Senior Vice President, Human Resources, Adtalem Global Education	57	Ms. Jennings joined Adtalem in October 2006 as Senior Vice President of Human Resources. Prior to joining Adtalem, Ms. Jennings was Vice President, Human Resources and Communications, of Velsicol Chemical Corporation, a global chemical products manufacturer, from 1994 to 2006.
Fernando Lau Senior Vice President, Chief Marketing Officer, Adtalem Global Education	43	Mr. Lau joined Adtalem in January 2010 as Vice President of Marketing and Admissions at Adtalem Brazil. In October 2016, Mr. Lau was appointed Senior Vice President and Chief Marketing Officer. Prior to joining Adtalem, Mr. Lau led the Trade Marketing departments of Motorola and Nokia in Brazil from 2007 to 2009.
Christopher C. Nash Senior Vice President, Chief Information Officer, Adtalem Global Education	52	Mr. Nash joined Adtalem in 2010 as Chief Technology Officer and was promoted to Senior Vice President, Chief Information Officer in 2013. Prior to joining Adtalem, Mr. Nash was Chief Technology Officer at Millward Brown Group, a global market research organization and division of Kantar Group. Previously, Mr. Nash held technical leadership roles at Kraft Foods, Inc., Greenbrier & Russel, and Rand McNally.
Lisa M. Sodeika Senior Vice President, Corporate Relations, Adtalem Global Education	55	Ms. Sodeika joined Adtalem in March 2015 as Senior Vice President, Corporate Relations. Prior to joining Adtalem, Ms. Sodeika served as Executive

Name and Current Position	Age	Business Experience
		Vice President of Corporate Affairs at HSBC North America Holdings, Inc. from 2003 to 2014.
Kathleen Carroll Vice President, Controller, Adtalem Global Education	60	Ms. Carroll joined Adtalem in 2014 as Controller and was promoted to Vice President, Controller in July 2016. Prior to joining Adtalem, Ms. Carroll served in a number of finance leadership roles for PepsiCo Beverages and Foods (formerly The Quaker Oats Company), most recently as Vice President, Finance for PepsiCo's U.S. Foods division.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 – MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Adtalem's common stock is listed on the New York Stock Exchange and the Chicago Stock Exchange under the symbol "ATGE." The stock transfer agent and registrar for Adtalem's common stock is Computershare Investor Services, L.L.C.

Security Holders

There were 396 current holders of record of Adtalem's common stock as of August 1, 2019. The number of holders of record does not include beneficial owners of its securities whose shares are held by various brokerage firms, other financial institutions, Adtalem's 401(k) and profit sharing plan and its Colleague Stock Purchase Plan.

Dividends

Adtalem did not pay any dividends in fiscal year 2018 or 2019. Adtalem does not expect to pay any cash dividends in the foreseeable future. Any future payment of dividends will be at the discretion of the Adtalem Board of Directors (the "Board") and will be dependent on projections of future earnings, cash flow, financial requirements of Adtalem and other factors as the Board deems relevant.

Recent Sales of Unregistered Securities

At the 2005 Annual Meeting of Stockholders held on November 9, 2005, Adtalem's stockholders approved the DeVry Inc. Employee Stock Purchase Plan ("ESPP") that authorized 200,000 shares of common stock for issuance under the ESPP, effective January 1, 2006. The ESPP provided for monthly purchase dates on the last business day of each month beginning January 2006 and purchases at a 5% discount to fair market value on such date. The ESPP was an amendment and restatement of a prior DeVry Inc. employee stock purchase plan that was effective August 1, 1993. On December 22, 2005, Adtalem registered 200,000 shares common stock that were authorized under the ESPP on a Registration Statement on Form S-8 (Reg. No. 333-130604).

From January 1, 2006 to February 28, 2019, eligible ESPP participants purchased 450,095 shares of common stock under the ESPP at purchase prices ranging from $16.41 to $61.94 per share. Of the total shares of common stock purchased under the ESPP from January 1, 2006 to February 28, 2019, Adtalem inadvertently issued 250,095 shares of common stock that were not registered under federal securities laws and not authorized under the ESPP. Under the applicable provisions of federal securities laws, plan participants who purchased unregistered shares of common stock may seek to rescind the transaction within one year following the date of purchase, which is the applicable federal statute of limitation. The last potential rescission rights related to the shares of common stock held by the original purchasers expires by the statute of limitations on February 28, 2020. As of June 30, 2019, approximately 10,182 shares were subject to rescission rights.

Adtalem believes its potential liability, if any, with respect to shares of common stock subject to rescission rights and still held by the original purchasers is not material to Adtalem.

Although the 250,095 shares of common stock purchased by ESPP participants through the ESPP were not registered prior to such purchase, ESPP participants may resell all such shares pursuant to Rule 144.

Adtalem terminated the ability to purchase shares of common stock under the ESPP and the last purchase made through the ESPP was on February 28, 2019. Adtalem is in the process of implementing a new employee stock purchase plan and submitting the new plan for stockholder approval at Adtalem's next annual meeting of stockholders to be held on November 6, 2019.

Additionally, effective March 31, 2019, Adtalem reduced the number of shares of common stock available under the Adtalem Global Education Inc. Fourth Amended and Restated Incentive Plan of 2013 by 250,095 shares of common stock to reduce any potential dilution to stockholders.

Securities Authorized for Issuance under Equity Compensation Plans

See "Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in Part III of this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

The following information describes Adtalem's stock repurchases during the fourth quarter of the fiscal year ended June 30, 2019.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
April 2019	434,628	$ 48.31	434,628	$ 237,073,448
May 2019	949,813	$ 44.18	949,813	$ 195,108,782
June 2019	290,151	$ 44.77	290,151	$ 182,119,886
Total	1,674,592	$ 45.35	1,674,592	$ 182,119,886

(1) On November 8, 2018, Adtalem announced that the Board of Directors of Adtalem authorized a share repurchase program to buy back up to $300 million of Adtalem common stock through December 31, 2021. The eleventh share repurchase program commenced during January 2019. The timing and amount of any repurchase will be determined based on an evaluation of the market and other factors. The total remaining authorization under this share repurchase program was $182,119,886 as of June 30, 2019.

Other Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 2019	—	$ —	NA	NA
May 2019	5,103	$ 43.79	NA	NA
June 2019	1,158	$ 44.20	NA	NA
Total	6,261	$ 43.86	NA	NA

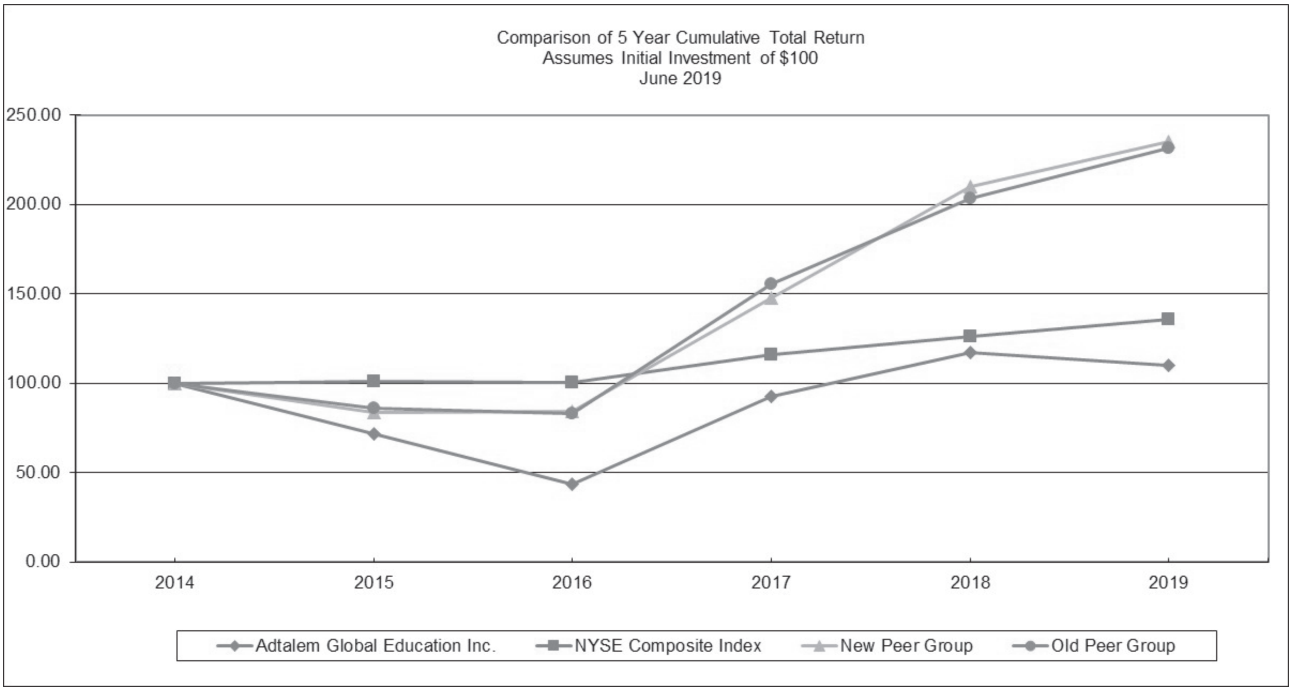
(1) Represents shares delivered back to Adtalem for payment of withholding taxes from employees for vesting restricted stock units and shares swapped for payment on exercise of incentive stock options pursuant to the terms of Adtalem's stock incentive plans.

Performance Graph

The following graph and chart compare the total cumulative return (assuming dividend reinvestment) on Adtalem's common stock during the period from June 30, 2014 through June 30, 2019, with the cumulative return on the NYSE Composite Index (U.S. Companies), the New Peer Group and the Old Peer Group (as defined below).

COMPARISON OF CUMULATIVE TOTAL RETURN SINCE JUNE 30, 2014

AMONG ADTALEM GLOBAL EDUCATION INC., NYSE COMPOSITE INDEX AND A PEER GROUP



	June 30, 2014	2015	2016	2017	2018	2019
Adtalem Global Education Inc.	100.0	71.5	43.3	92.6	117.4	110.0
NYSE Composite Index (U.S. Companies)	100.0	100.9	100.7	115.9	126.5	135.7
New Peer Group (1)	100.0	83.9	84.0	147.7	209.9	235.3
Old Peer Group (1)	100.0	86.0	83.1	155.7	203.7	231.4

Data for this graph were provided by Zacks Investment Research.

Assumes $100 was invested on June 30, 2014 in Adtalem Global Education Inc. common stock, the NYSE Composite Index (U.S. Companies), the New Peer Group and the Old Peer Group, and that all dividends were reinvested.

(1) The “New Peer Group” consists of the following companies selected on the basis of similarity in nature of their businesses: American Public Education, Inc., Career Education Corporation, Grand Canyon Education, Inc., Lincoln Educational Services Corporation, Strategic Education, Inc. (formerly known as Strayer Education, Inc.), and Universal Technical Institute, Inc. Adtalem believes that, including itself, these companies represent the majority of the market value of publicly traded companies whose primary business is education. The “Old Peer Group” consists of the following companies: Capella Education Company, Career Education Corporation, Grand Canyon Education, Inc., Lincoln Educational Services Corporation, Strayer Education, Inc., Universal Technical Institute, Inc., and Zovio Inc. (formerly known as Bridgepoint Education, Inc.). We changed our peer group from fiscal year 2018 as follows: Zovio Inc (formerly known as Bridgepoint Education, Inc.) was removed due to the shift in focus to an education technology services company and Capella Education Company was removed due to its merger with Strayer Education, Inc, while American Public Education, Inc. was added.

ITEM 6 – SELECTED FINANCIAL DATA

Selected financial data for Adtalem for the last five years are included in the exhibit, “Five-Year Summary — Operating, Financial and Other Data,” on page 119 of this Annual Report on Form 10-K.

ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of Adtalem Global Education Inc.'s ("Adtalem") results of operations and financial condition should be read in conjunction with Adtalem's Consolidated Financial Statements and the related Notes thereto in Item 8 in this Annual Report on Form 10-K.

The seasonal pattern of Adtalem's enrollments and its educational programs' starting dates affect the results of operations and the timing of cash flows. Therefore, management believes that comparisons of its results of operations should primarily be made to the corresponding period in the preceding year. Comparisons of financial position should be made to both the end of the previous fiscal year and to the end of the corresponding quarterly period in the preceding year.

Unless indicated, or the context requires otherwise, references to "net income" refers to "net income attributable to Adtalem Global Education."

During the fourth quarter of fiscal year 2019, Adtalem renamed two of its segments to better reflect our focus on our growth strategies: Professional Education was renamed Financial Services, and Technology and Business was renamed Business and Law. Adtalem operates three reporting segments: "Medical and Healthcare," which includes the operations of Chamberlain University ("Chamberlain") and the medical and veterinary schools (which include American University of the Caribbean School of Medicine ("AUC"), Ross University School of Medicine ("RUSM") and Ross University School of Veterinary Medicine ("RUSVM")); "Financial Services," which includes the operations of the Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker"), OnCourse Learning ("OCL") and EduPristine; and "Business and Law," which includes the operations of Adtalem Education of Brazil ("Adtalem Brazil"). "Home Office and Other" includes activity not allocated to a reporting segment. Financial and descriptive information about Adtalem's reporting segments is presented in "Note 16: Segment Information" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

OVERVIEW

Adtalem's financial results for fiscal year 2019 reflect revenue growth of $8.5 million, or 0.7%, compared to the prior year, driven by increased revenue in the Medical and Healthcare and Financial Services segments. These increases were partially offset by a decrease in revenue in the Business and Law segment. On a constant currency basis, revenue in fiscal year 2019 increased 3.7% compared to the prior year. Net income in fiscal year 2019 of $95.2 million increased $61.4 million, or 181.8%, compared to the prior year. Net income from continuing operations excluding special items decreased 3.3% in fiscal year 2019 compared to the prior year, driven by an increase in interest expense and operating income decreases in the Medical and Healthcare and Business and Law segments. These decreases were partially offset by an increase in operating income in the Financial Services segment and expense reductions at home office. (See "Use of Non-GAAP Financial Information and Supplemental Reconciliation Schedule" below). Operational and financial highlights for fiscal year 2019 include:

- Chamberlain revenue grew by 3.1% in fiscal year 2019 compared to the prior year. For the May 2019 session, total enrollment at Chamberlain increased 1.8% to 30,867 students compared to the same term last year. Chamberlain continues to invest in its programs, student services and campus locations.
- For the March 2019 session, Adtalem Brazil new student enrollment increased 17.7% and total student enrollment increased 5.6%, compared to the same session last year. Online and Ibmec enrollment were the main drivers of the increases.
- In the Financial Services segment, ACAMS reached over 75,000 members worldwide, a 13.0% increase over the prior fiscal year, and Becker returned to revenue growth of 3.8% in fiscal year 2019 compared to the prior fiscal year.
- In January 2019, RUSM commenced operations at its new campus in Barbados. Academic facilities are located in Bridgetown. Student housing is located close to academic facilities in the parish of Christ Church and includes amenities, student services and convenient transportation to campus.
- On May 31, 2019, Adtalem completed the acquisition of 100% of the equity interests of OCL for $118.4 million, net of cash of $1.2 million. The payment for this purchase was made in the fourth quarter of fiscal year 2019, and was funded with available domestic cash balances and $100 million in borrowings under Adtalem's revolving credit facility. OCL is a leading provider of compliance training, licensure preparation, continuing education and professional development in the banking and mortgage industries across the U.S. The acquisition furthers Adtalem's growth strategy into financial services.
- On December 4, 2018, Adtalem completed the sale of its ownership of all the outstanding equity interests in the holding company of Carrington College ("Carrington"), to San Joaquin Valley College, Inc. ("SJVC"), pursuant to the terms and conditions of the Membership Interest Purchase Agreement ("MIPA"), dated June 28, 2018. The equity interests were

sold for de minimis consideration, subject to customary adjustments for working capital, resulting in a pre-tax loss of $11.3 million recorded in discontinued operations in fiscal year 2019.

- On December 11, 2018, Adtalem completed the sale of all of its right, title, and interest in and to the issued and outstanding shares of capital stock (the "Equity Interests") of DeVry University, Inc. and DeVry/New York Inc. (collectively "DeVry University") to Cogswell Education, LLC ("Cogswell") under the terms of the Stock Purchase Agreement ("Purchase Agreement") dated December 4, 2017. The Equity Interests were sold for de minimis consideration, subject to customary adjustments for working capital, resulting in a pre-tax loss of $22.3 million recorded in discontinued operations in fiscal year 2019.

- In December 2018, AUC and RUSM received the final insurance settlement proceeds related to the property damage and disruption of operations caused by Hurricanes Irma and Maria in fiscal year 2018. These proceeds produced a gain of $15.6 million, which was recorded in the second quarter of fiscal year 2019. AUC and RUSM have completed all planned repairs and replacement of damaged facilities and equipment.

- During fiscal year 2019, Adtalem recorded restructuring charges of $55.9 million primarily related to the write-off of assets and other charges associated with RUSM's exit from Dominica, and real estate consolidations and workforce reductions at Adtalem Brazil and Adtalem's home office.

- Adtalem completed its tenth share repurchase program and commenced its eleventh share repurchase program by repurchasing a total of 5,306,203 shares of Adtalem's common stock at an average cost of $47.65 per share during fiscal year 2019. On November 7, 2018, the Adtalem Board of Directors approved the eleventh share repurchase program, which allows Adtalem to repurchase up to $300 million of its common stock through December 31, 2021.

- Adtalem's financial position remained strong, generating $204.9 million of operating cash flow during fiscal year 2019. As of June 30, 2019, cash and cash equivalents totaled $299.4 million and outstanding borrowings totaled $407.0 million.

DIVESTITURE OF DEVRY UNIVERSITY

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell pursuant to the purchase agreement dated December 4, 2017. To support DeVry University's future success, Adtalem transferred DeVry University with a working capital balance of $8.75 million at the closing date. In addition, Adtalem has agreed to indemnify Cogswell for certain losses including those related to certain pre-closing defense to repayment claims. The purchase agreement also includes an earn-out entitling Adtalem to payments of up to $20 million over a ten-year period payable based on DeVry University's free cash flow.

DeVry University was an operating segment and was previously included in our former U.S. Traditional Postsecondary reporting segment. Subject to the terms and conditions of the purchase agreement, DeVry University was sold in its entirety. Divesting DeVry University is a strategic shift in the operations of Adtalem. DeVry University offered principally bachelor's and master's degrees in technology and business in the U.S., and Adtalem exited this market with this disposition. Adtalem's only other operating segment that grants primarily bachelor's and master's degrees is Chamberlain, and this institution's degrees are in nursing and related healthcare fields. Selling the DeVry University operating segment reduces the organization's dependence on government Title IV funds for its revenue, which was one of Adtalem's strategic goals. DeVry University was the legacy business of Adtalem and at one time accounted for the majority of its consolidated revenue and operating income. Disposal of this operating segment will have a significant effect on the operations and financial results of Adtalem (See "Note 2: Discontinued Operations") to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

In accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), we have classified the DeVry University entity as "Held for Sale" and "Discontinued Operations." As a result, all financial results, disclosures and discussions of continuing operations in this Annual Report on Form 10-K exclude DeVry University operations, unless otherwise noted.

DIVESTITURE OF CARRINGTON COLLEGE

On December 4, 2018, Adtalem completed the sale of Carrington to SJVC pursuant to the MIPA dated June 28, 2018. To support Carrington's future success, Adtalem made a capital contribution of $7.5 million to Carrington, based on an agreed working capital balance of $11.5 million at the closing date.

Carrington was an operating segment and was previously included in our former U.S. Traditional Postsecondary reporting segment. Subject to the terms and conditions of the MIPA, Carrington was sold in its entirety. Divesting Carrington is a strategic shift in the operations of Adtalem. Carrington offered principally career specific certificate or associate degree programs in the U.S., and Adtalem exited this market with this disposition. Selling the Carrington operating segment reduces the organization's dependence on government Title IV funds for its revenue, which was one of Adtalem's important strategic goals. Disposal of this operating segment will have a significant effect on the operations and financial results of Adtalem (See "Note 2: Discontinued Operations") to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

In accordance with GAAP, we have classified the Carrington entity as "Held for Sale" and "Discontinued Operations." As a result, all financial results, disclosures and discussions of continuing operations in this Annual Report on Form 10-K exclude Carrington operations, unless otherwise noted.

USE OF NON-GAAP FINANCIAL INFORMATION AND SUPPLEMENTAL RECONCILIATION SCHEDULE

During fiscal year 2019, Adtalem recorded special items related to the following:

- Restructuring charges, including asset write-offs, primarily related to the closing of the RUSM campus in Dominica, and real estate consolidations and workforce reductions at Adtalem Brazil and Adtalem's home office.
- Insurance settlement gain related to the final proceeds received for damages from Hurricanes Irma and Maria at AUC and RUSM.
- Gain related to a lawsuit settlement against the Adtalem Board of Directors.
- Adjustments to the preliminary income tax charges related to the implementation of the Tax Cuts and Jobs Act of 2017 and tax charges related to the divestiture of DeVry University.

During fiscal year 2018, Adtalem recorded special items related to the following:

- Restructuring charges related to workforce reductions and real estate consolidations at the medical and veterinary schools, Becker and Adtalem's home office, and asset impairment charges at Adtalem Brazil related to the planned fiscal year 2019 dispositions of the Sao Luis and Joao Pessoa institutions, which were completed in fiscal year 2019.
- Income tax charges related to implementation of the Tax Cuts and Jobs Act of 2017.
- A net tax benefit for the loss on Adtalem's investment in Carrington.

During fiscal year 2017, Adtalem recorded special items related to the following:

- Restructuring charges related to workforce reductions and real estate consolidations at the administrative support operations of the medical and veterinary schools and Adtalem's home office.
- Charges arising from the settlement agreements with the Federal Trade Commission ("FTC") and the Office of the Attorney General of the State of New York ("NYAG").

The following table illustrates the effects of discontinued operations and special items on Adtalem's net income. Management believes that the non-GAAP disclosure of net income from continuing operations excluding special items and adjusted earnings per share excluding discontinued operations and special items provides investors with useful supplemental information regarding the underlying business trends and performance of Adtalem's ongoing operations and is useful for period-over-period comparisons of such operations given the nature of discontinued operations, restructuring charges, settlement gains, regulatory settlements and certain income tax charges and deductions. Adtalem uses these supplemental financial measures internally in its management and budgeting process. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, Adtalem's reported results prepared in accordance with GAAP. The following table reconciles these non-GAAP measures to the most directly comparable GAAP information.

	Fiscal Year		
	2019	2018	2017
	(in thousands, except per share amounts)		
Net Income	$ 95,168	$ 33,769	$ 122,283
Earnings per Share (diluted)	$ 1.60	$ 0.54	$ 1.91
Continuing Operations:			
Restructuring Expense	$ 55,925	$ 5,067	$ 12,973
Effect on Earnings per Share (diluted)	$ 0.94	$ 0.08	$ 0.20
Settlement Gains	$ (26,178)	$ —	$ —
Effect on Earnings per Share (diluted)	$ (0.44)	$ —	$ —
Tax Cuts and Jobs Act of 2017 and Tax Charges Related to the Divestiture of DeVry University	$ 3,584	$ 103,878	$ —
Effect on Earnings per Share (diluted)	$ 0.06	$ 1.67	$ —
Net Tax Benefit on Carrington Loss	$ —	$ (48,903)	$ —
Effect on Earnings per Share (diluted)	$ —	$ (0.79)	$ —
Regulatory Settlements	$ —	$ —	$ 52,150
Effect on Earnings per Share (diluted)	$ —	$ —	$ 0.81
Income Tax Impact on Non-GAAP Adjustments (1)	$ (1,732)	$ (1,083)	$ (24,666)
Effect on Earnings per Share (diluted)	$ (0.03)	$ (0.02)	$ (0.39)
Discontinued Operations, net of tax	$ 40,443	$ 80,146	$ (2,309)
Effect on Earnings per Share (diluted)	$ 0.68	$ 1.29	$ (0.04)
Net Income from Continuing Operations Excluding Special Items, net of tax	$ 167,210	$ 172,874	$ 160,431
Earnings per Share from Continuing Operations Excluding Special Items, net of tax (diluted)	$ 2.82	$ 2.78	$ 2.51
Diluted Shares used in EPS calculation	59,330	62,280	64,019

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

RESULTS OF OPERATIONS

The following table presents information with respect to the relative size to revenue of each item in the Consolidated Statements of Income for fiscal years 2019, 2018 and 2017. Percentages may not add because of rounding.

	Fiscal Year		
	2019	2018	2017
Revenue	100.0 %	100.0 %	100.0 %
Cost of Educational Services	50.3 %	52.4 %	52.8 %
Student Services and Administrative Expense	32.3 %	30.3 %	30.6 %
Restructuring Expense	4.5 %	0.4 %	1.1 %
Settlement Gains	(2.1)%	0.0 %	0.0 %
Regulatory Settlements	0.0 %	0.0 %	4.3 %
Total Operating Cost and Expense	85.0 %	83.1 %	88.8 %
Operating Income from Continuing Operations	15.0 %	16.9 %	11.2 %
Net Other Expense	(1.3)%	(0.7)%	(0.4)%
Income from Continuing Operations Before Income Taxes	13.7 %	16.1 %	10.9 %
Income Tax Provision	(2.8)%	(6.8)%	(0.8)%
Equity Method Investment Loss	0.0 %	(0.0)%	(0.1)%
Income from Continuing Operations	11.0 %	9.3 %	10.0 %
(Loss) Income from Discontinued Operations, Net of Tax	(3.3)%	(6.5)%	0.2 %
Net Income	7.7 %	2.8 %	10.2 %
Net Income Attributable to Noncontrolling Interest	(0.0)%	(0.0)%	(0.1)%
Net Income Attributable to Adtalem Global Education	7.7 %	2.7 %	10.1 %

The following discussion is on the comparison between fiscal year 2018 and fiscal year 2019 results. For a discussion on the comparison between fiscal year 2017 and fiscal year 2018 results, see the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Adtalem's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, as filed with the Securities and Exchange Commission ("SEC").

REVENUE

All discussions of the results of operations exclude the results of DeVry University and Carrington, which are included in the discontinued operations section of the Consolidated Statements of Income for all periods presented.

The following table presents revenue by segment detailing the changes from the prior year including disclosures of the effect of acquisitions, Hurricanes Irma and Maria, and changes in the value of the Brazilian Real compared to the U.S. dollar. Total consolidated revenue for fiscal year 2019 of $1,239.7 million increased 0.7%, or $8.5 million, compared to the prior year. Revenue results by segment are discussed in more detail in the sections below:

	Year Ended June 30, 2019 (in thousands)				
Revenue:	**Medical and Healthcare**	**Financial Services**	**Business and Law**	**Home Office and Other**	**Consolidated**
Fiscal Year 2018 as Reported	$ 815,674	$ 147,195	$ 270,934	$ (2,592)	$ 1,231,211
Organic Growth (Decline)	29,620	15,781	(9,389)	(637)	35,375
Effect of Acquisitions	—	4,235	1,100	—	5,335
Hurricane Impact	4,567	—	—	—	4,567
Effect of Currency Change	—	—	(36,801)	—	(36,801)
Fiscal Year 2019 as Reported	$ 849,861	$ 167,211	$ 225,844	$ (3,229)	$ 1,239,687
Fiscal Year 2019 % Change:					
Organic Growth (Decline)	3.6 %	10.7 %	(3.5)%	NM	2.9 %
Effect of Acquisitions	—	2.9 %	0.4 %	NM	0.4 %
Hurricane Impact	0.6 %	—	—	NM	0.4 %
Constant Currency	4.2 %	13.6 %	(3.1)%	NM	3.7 %
Effect of Currency Change	—	—	(13.6)%	NM	(3.0)%
Fiscal Year 2019 % Change as Reported	4.2 %	13.6 %	(16.6)%	NM	0.7 %

Medical and Healthcare

Revenue in the Medical and Healthcare segment increased 4.2%, or $34.2 million, to $849.9 million in fiscal year 2019 compared to the prior year. In addition to organic growth, the revenue increase in fiscal year 2019 was positively affected by lower comparable revenue in fiscal year 2018 due to $4.6 million in lost revenue at AUC and RUSM (together the medical schools) as a result of students withdrawing due to the hurricane disruptions. Revenue in fiscal year 2019 increased at Chamberlain driven primarily by increasing student enrollment and increased at the medical and veterinary schools primarily driven by increased housing revenue at RUSM and tuition price increases. Key trends for Chamberlain and the medical and veterinary schools are set forth below.

Chamberlain

Chamberlain Undergraduate and Graduate Student Enrollment:

	Fiscal Year 2019					
Term	**July 2018**	**Sept. 2018**	**Nov. 2018**	**Jan. 2019**	**Mar. 2019**	**May 2019**
New Students	2,523	5,435	2,617	4,759	2,726	3,997
% Change from Prior Year	1.0 %	9.5 %	(6.7)%	6.4 %	(3.7)%	2.6 %
Total Students	28,037	31,295	30,833	32,354	32,104	30,867
% Change from Prior Year	4.6 %	4.1 %	3.7 %	3.3 %	3.4 %	1.8 %

	Fiscal Year 2018					
Term	**July 2017**	**Sept. 2017**	**Nov. 2017**	**Jan. 2018**	**Mar. 2018**	**May 2018**
New Students	2,497	4,962	2,806	4,472	2,830	3,896
% Change from Prior Year	16.5 %	(0.8)%	5.5 %	6.9 %	4.3 %	3.1 %
Total Students	26,811	30,062	29,719	31,333	31,053	30,309
% Change from Prior Year	6.3 %	4.5 %	5.1 %	5.2 %	4.5 %	4.7 %

Chamberlain revenue increased 3.1%, or $14.6 million, to $487.4 million in fiscal year 2019 compared to the prior year, driven primarily by higher new and total enrollment in all tracks of the Master of Science in Nursing (“MSN”) degree, the campus-based Bachelor in Science of Nursing (“BSN”) program and the Doctorate of Nursing Practice (“DNP”) program.

Chamberlain currently operates 21 campuses in 15 states. Chamberlain’s newest campus in San Antonio, Texas, will begin instruction in October 2019.

Tuition Rates:

Tuition is $675 per credit hour for the BSN onsite program. Tuition for the Registered Nurse to Bachelor of Science in Nursing (“RN-to-BSN”) online degree program is $590 per credit hour. Tuition for the online MSN program is $650 per credit hour. For students enrolled in the Family Nurse Practitioner (“FNP”) track, tuition is $665 per credit hour for the ten FNP specialty courses. Tuition for the online DNP program is $750 per credit hour. Tuition for the Master of Public Health (“MPH”) program is $550 per credit hour. All of these tuition rates are unchanged from the prior year. These tuition rates do not include the cost of books, supplies, transportation or living expenses.

Medical and Veterinary Schools

Medical and Veterinary Schools Student Enrollment:

	Fiscal Year 2019		
Term	**Sept. 2018**	**Jan. 2019**	**May 2019**
New Students	889	471	496
% Change from Prior Year	9.5 %	(8.5)%	(0.6)%
Total Students	5,887	5,548	5,220
% Change from Prior Year	2.5 %	(6.6)%	(6.0)%

	Fiscal Year 2018		
Term	**Sept. 2017**	**Jan. 2018**	**May 2018**
New Students	812	515	499
% Change from Prior Year	0.7 %	11.5 %	9.0 %
Total Students	5,744	5,938	5,556
% Change from Prior Year	(6.9)%	1.3 %	1.2 %

The medical and veterinary schools' revenue increased 5.7%, or $19.6 million, to $362.4 million in fiscal year 2019 compared to the prior year. The principal drivers of the increase were higher housing revenue at the new Barbados campus of RUSM and tuition price increases at the medical and veterinary schools. The revenue increase for fiscal year 2019 was positively affected by lower comparable revenue in fiscal year 2018 due to $4.6 million in lost revenue at the medical schools as a result of the students withdrawing due to the hurricane disruptions.

New and total student enrollment increases in the September 2018 term were positively influenced by lower comparable enrollment in the September 2017 term due to the effects of the hurricanes at the medical schools. The January 2019 new student enrollment decline at the medical schools was negatively influenced by a high number of new students in the January 2018 term that had previously enrolled in September 2017, but did not start due to hurricanes. Management is executing its plan to differentiate the medical and veterinary schools from the competition, with a core goal of increasing international students, and improving the effectiveness of marketing strategies by restructuring the marketing organization, and shifting from traditional media and event-driven marketing to greater use of digital and social media channels to drive awareness throughout the year. Management believes the demand for medical and veterinary education remains strong and can support management’s longer-term expectations to grow new enrollments in the low-single digit range; however, heightened competition may continue to adversely affect the medical and veterinary schools’ ability to continue to attract qualified students to its programs.

In January 2019, RUSM moved its basic science instruction to a new location in Barbados. The academic facility is located in Bridgetown, and student housing is located close to the academic facility in the parish of Christ Church that includes amenities, student services and convenient transportation to campus.

Tuition Rates:

- Effective for semesters beginning in September 2018, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC’s medical program are $22,454 and $25,120, respectively, per semester. These tuition rates represent a 3.5% increase over the prior academic year.
- Effective for semesters beginning in September 2018, tuition rates for the beginning basic sciences and Internal Medicine Foundations/final clinical portion of the programs at RUSM are $23,240 and $25,650, respectively, per semester. These tuition rates represent a 4.0% increase over the prior academic year.
- For students beginning the RUSVM program in September 2018 or later, the tuition rate for the pre-clinical (Semesters 1-7) and clinical curriculum (Semesters 8-10) is $20,304 per semester. For students who entered RUSVM before September 2018, tuition rates for the pre-clinical curriculum are $18,859 and $23,676, respectively, per semester. These tuition rates represent a 3.0% increase over the prior academic year.

The respective tuition rates for AUC, RUSM and RUSVM do not include the cost of transportation, living expenses or health insurance.

Financial Services

Revenue in the Financial Services segment increased 13.6%, or $20.0 million, to $167.2 million in fiscal year 2019 compared to the prior year. The increase is driven primarily by revenue growth at ACAMS and Becker. ACAMS memberships have increased to more than 75,000 as of June 30, 2019, driven by strong domestic growth as well as expansion in the Asia

Pacific and European regions. In addition, the acquisition in February 2018 of a 69% ownership interest in EduPristine and the acquisition of 100% equity interests of OCL in May 2019 have contributed to the revenue growth in fiscal year 2019.

Business and Law

Revenue in the Business and Law segment, which is composed solely of Adtalem Brazil, decreased 16.6%, or $45.1 million, to $225.8 million in fiscal year 2019 compared to the prior year. The decrease in value of the Brazilian Real compared to the U.S. dollar decreased reported revenue in fiscal year 2019 by $36.8 million compared to the prior year. Constant currency calculations assume conversions of local currency amounts at exchange rates in effect in the prior year compared to those conversions at exchange rates in effect during the current fiscal year. On a constant currency basis, revenue decreased 3.1% in fiscal year 2019 compared to the prior year. In addition to increased competition, the decrease was partially driven by the higher discounting necessary to offset the effect of reductions and timing delays in and the "*Fundo de Financiamento Estudantil*" or "Students Financing Fund" ("FIES") program. The Brazilian government run system that administers FIES was inaccessible to students during the fourth quarter of fiscal year 2019, due to system issues. This hindered students' ability to obtain funding necessary to finance their educations. In order to assist students with this funding gap, Adtalem Brazil increased the use of discounts. See below for further discussion of the changes in the FIES program. Additionally, declines in the number of students enrolled in law exam test preparation courses partially drove the revenue decrease. This decline is related to changes in the timing of the exam compared to the prior year as well as changes in the exam that are resulting in lower pass rates for the first level of the exam, which lowers demand for preparation courses for the subsequent level.

Brazil's economy presented challenges for enrollment growth and created pricing pressures in the education sector. Adtalem Brazil's revenue results have been negatively impacted by these conditions as well as reductions in the FIES program and increased competition. Adtalem Brazil students are eligible for loans under Brazil's FIES public loan program, which is financed by the Brazilian government. As of June 30, 2019, approximately 16% of Adtalem Brazil's degree-seeking students have obtained financing under the FIES program, representing approximately 15% of Adtalem Brazil's revenue. The Brazilian government has stated that it is supportive of the FIES program, which is an important factor in helping to increase the number of college graduates. However, the changes enacted during fiscal year 2018 reducing the number of FIES contracts available for grant by approximately 31% to all higher education institutions in Brazil, have impacted Adtalem Brazil's growth. Adtalem Brazil institutions have increased efforts to attract more non-FIES students in order to diversify their payer mix. Also, Adtalem Brazil is working with private lenders to increase funding sources for prospective students. Management believes Adtalem Brazil institutions offer programs of study and operate in areas of the country that the Brazilian government favors in issuing FIES loans. Should economic conditions continue to weaken and additional austerity measures be instituted by the Brazilian government, Adtalem Brazil's ability to grow its student enrollment may be further impacted.

Key trends for Adtalem Brazil are set forth below.

Adtalem Brazil Student Enrollment:

	Fiscal Year 2019		Fiscal Year 2018	
Term	**Sept. 2018**	**Mar. 2019**	**Sept. 2017**	**Mar. 2018**
New Students	17,956	27,505	14,507	23,367
% Change over Prior Year	23.8 %	17.7 %	(8.7)%	3.7 %
Total Students	81,088	79,919	78,340	75,700
% Change over Prior Year	3.5 %	5.6 %	1.9 %	(4.9)%

These enrollment figures include students enrolled in degree-granting programs and exclude students enrolled in the test preparation programs at Damásio Educacional ("Damasio"). The November 2017 acquisition of São Judas Tadeu ("SJT") did not affect the fiscal year 2019 or 2018 enrollment figures because these medical test preparation students are also excluded from reported enrollment. The increase in new and total student enrollment in the September 2018 and March 2019 terms are driven primarily by increases in online enrollment and tuition discounting. This enrollment increase is not driving higher revenue due to lower tuition pricing of the online programs.

Brazilian government regulations on opening and operating distance learning in the country have streamlined the approval process for launching online facilities, making this segment more economically attractive to larger institutions. Adtalem Brazil began offering several bachelor's and associate degree programs via distance learning in February 2018. These programs are offered under the Wyden Online brand. They are delivered through the Damasio network of over 180 learning centers, which currently has the infrastructure and staff necessary to support distance learning degrees. These online programs are not currently a significant contributor to Adtalem Brazil's revenue.

COSTS AND EXPENSES

Cost of Educational Services

The largest component of Cost of Educational Services is the cost of faculty and staff who support educational operations. This expense category also includes the costs of facilities, adjunct faculty, supplies, bookstore and other educational materials, student education-related support activities and the provision for bad debts.

	Year Ended June 30, 2019 (in thousands)				
Cost of Educational Services:	**Medical and Healthcare**	**Financial Services**	**Business and Law**	**Home Office and Other**	**Consolidated**
Fiscal Year 2018 as Reported	$ 429,896	$ 26,136	$ 184,047	$ 5,525	$ 645,604
Cost Increase (Reduction)	25,096	2,921	(8,025)	(6,087)	13,905
Effect of Acquisitions	—	1,667	627	—	2,294
Hurricane Impact	(13,372)	—	—	—	(13,372)
Effect of Currency Change	—	—	(24,891)	—	(24,891)
Fiscal Year 2019 as Reported	$ 441,620	$ 30,724	$ 151,758	$ (562)	$ 623,540
Fiscal Year 2019 % Change:					
Cost Increase (Reduction)	5.8 %	11.2 %	(4.4)%	NM	2.2 %
Effect of Acquisitions	—	6.4 %	0.3 %	NM	0.4 %
Hurricane Impact	(3.1)%	—	—	NM	(2.1)%
Constant Currency Change	2.7 %	17.6 %	(4.0)%	NM	0.4 %
Effect of Currency Change	—	—	(13.5)%	NM	(3.9)%
Fiscal Year 2019 % Change as Reported	2.7 %	17.6 %	(17.5)%	NM	(3.4)%

Cost of Educational Services decreased 3.4%, or $22.1 million, to $623.5 million in fiscal year 2019 compared to the prior year. Excluding the effect of the change in value of the Brazilian Real compared to the U.S. dollar, total consolidated Cost of Educational Services increased 0.4%, or $2.8 million, in fiscal year 2019 compared to the prior year. Fiscal year 2018 expense included a $13.4 million charge representing the deductibles under insurance policies, incurred for facility and equipment impairment write-offs and the evacuations of the medical school students, faculty and staff in the wakes of Hurricanes Irma and Maria. Cost increases at the medical schools in fiscal year 2019, excluding the insurance deductibles in fiscal year 2018, were partially driven by AUC and RUSM as operations returned to St. Maarten and moved to Barbados, respectively, and operating costs returned to normal levels. Costs in fiscal year 2018 were reduced as teaching operations were moved to an alternate site. In addition, expenses increased in fiscal year 2019 due to increased housing costs at RUSM's Barbados campus, increased investment in growth in the Medical and Healthcare and Financial Services segments, and the acquisition in February 2018 of a 69% ownership interest in EduPristine and the acquisition of OCL in May 2019. Partially offsetting the cost increases were cost reduction measures in the Business and Law segment, which were instituted in response to declining revenue at Adtalem Brazil, and at Adtalem home office, which were necessary with the divestitures of DeVry University and Carrington.

As a percentage of revenue, Cost of Educational Services was 50.3% in fiscal year 2019 compared to 52.4% in the prior year. The decrease in the percentage in fiscal year 2019 was primarily the result of the cost reduction efforts across all institutions and the result of the negative effects on revenue and expense from Hurricanes Irma and Maria in fiscal year 2018.

Student Services and Administrative Expense

The Student Services and Administrative Expense category includes expenses related to student admissions, marketing and advertising, general and administrative, curriculum development and amortization expense of finite-lived intangible assets related to acquisitions of businesses.

Student Services and Administrative Expense:	Medical and Healthcare	Financial Services	Business and Law	Home Office and Other	Consolidated
	Year Ended June 30, 2019 (in thousands)				
Fiscal Year 2018 as Reported	$ 195,304	$ 93,007	$ 56,241	$ 28,512	$ 373,064
Cost Increase (Reduction)	31,719	3,780	3,722	(9,911)	29,310
Effect of Acquisitions	—	4,234	23	—	4,257
Effect of Currency Change	—	—	(6,220)	—	(6,220)
Fiscal Year 2019 as Reported	$ 227,023	$ 101,021	$ 53,766	$ 18,601	$ 400,411
Fiscal Year 2019 % Change:					
Cost Increase (Reduction)	16.2 %	4.1 %	6.6 %	NM	7.9 %
Effect of Acquisitions	—	4.6 %	0.0 %	NM	1.1 %
Constant Currency Change	16.2 %	8.6 %	6.7 %	NM	9.0 %
Effect of Currency Change	—	—	(11.1)%	NM	(1.7)%
Fiscal Year 2019 % Change as Reported	16.2 %	8.6 %	(4.4)%	NM	7.3 %

Student Services and Administrative Expense increased 7.3%, or $27.3 million, to $400.4 million in fiscal year 2019 compared to the prior year. Excluding the effect of the change in value of the Brazilian Real compared to the U.S. dollar, total consolidated Student Services and Administrative Expense increased 9.0%, or $33.6 million, in fiscal year 2019 compared to the prior year. Cost increases to support enrollment growth at the medical and veterinary schools, Chamberlain, ACAMS and Adtalem Brazil were the main drivers of the increase in costs. This increase was partially offset by cost reductions at Becker. Approximately $33.3 million of the increase in fiscal year 2019 was due to home office costs reallocated to continuing operations from DeVry University and Carrington. Amortization of finite-lived intangible assets decreased $0.8 million in fiscal year 2019 compared to the prior year. Amortization expense is included entirely in the Student Services and Administrative Expense category.

As a percentage of revenue, Student Services and Administrative Expense was 32.3% in fiscal year 2019 compared to 30.3% in the prior year. Costs to support enrollment growth and the reallocation of home office expense to continuing operations noted above, along with reduced revenue, particularly at Adtalem Brazil, resulted in the increase in this percentage.

Restructuring Expense

During fiscal year 2019, Adtalem recorded restructuring charges primarily related to the impairment of land, buildings and equipment at the Dominica campus of RUSM and severance related to workforce reductions in Dominica. In January 2019, RUSM relocated its campus operations to Barbados from Dominica. The land, buildings and equipment in Dominica have been fully impaired as management has determined the market value less costs to sell the facilities or move the equipment is zero (see "Note 4: Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K). In addition, during fiscal year 2019, Adtalem recorded restructuring charges related to real estate consolidations and workforce reductions at Adtalem Brazil and Adtalem's home office. During fiscal year 2018, Adtalem recorded restructuring charges related to workforce reductions and real estate consolidations at the medical and veterinary schools, Becker Europe and Adtalem's home office. At Adtalem Brazil, restructuring charges were recorded for the planned divestitures of the Sao Luis and Joao Pessoa institutions, which were completed in fiscal year 2019. When estimating costs of exiting lease space, estimates are made which could differ materially from actual results and result in additional restructuring charges or reversals in future periods. Termination benefit charges, resulting from reducing Adtalem's workforce by 374 and 196 positions in fiscal years 2019 and 2018, respectively, represented severance pay and benefits for these employees. Adtalem's home office is classified as "Home Office and Other" in "Note 16: Segment Information" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Pre-tax restructuring charges by segment were as follows (in thousands):

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Real Estate and Other	Termination Benefits	Total	Real Estate and Other	Termination Benefits	Total
Medical and Healthcare	$ 40,372	$ 1,294	$ 41,666	$ 26	$ 777	$ 803
Financial Services	1,304	—	1,304	—	357	357
Business and Law	1,926	932	2,858	1,216	—	1,216
Home Office and Other	9,581	516	10,097	(373)	3,064	2,691
Total	$ 53,183	$ 2,742	$ 55,925	$ 869	$ 4,198	$ 5,067

Cash payments for restructuring charges were $22.7 million in fiscal year 2019. The remaining accrual for these charges is $25.1 million as of June 30, 2019. The balance is expected to be paid out for periods of up to 7 years. Additional restructuring expense is expected to be recorded in fiscal year 2020 as Adtalem continues to reduce home office costs.

Settlement Gains

In December 2018, AUC and RUSM received the final insurance settlement proceeds related to the property damage and disruption of operations caused by Hurricanes Irma and Maria in fiscal year 2018. AUC and RUSM have completed all planned repairs and replacement of damaged facilities and equipment. AUC and RUSM received total insurance proceeds of $110.0 million to fully cover the cumulative expense incurred for the evacuation process, temporary housing and transportation of students, faculty and staff, incremental costs of teaching at alternative sites, and cumulative impairment write-downs. These costs totaled $106.7 million, less $12.3 million in deductibles, which were adjusted in the second quarter of fiscal year 2019 from $13.4 million recorded in the first quarter of fiscal year 2018. The resulting gain of $15.6 million was recorded in the second quarter of fiscal year 2019. In the fourth quarter of fiscal year 2019, a lawsuit brought by shareholders against the Adtalem Board of Directors (the “Board”) was settled in favor of the plaintiff. The settlement resulted in $16.0 million in proceeds to Adtalem, which was paid in the fourth quarter of fiscal year 2019 under Adtalem’s Directors and Officers liability insurance policy. Attorney fees and costs to defend this lawsuit totaling $5.4 million were offset against the gain, resulting in a net gain of $10.6 million.

OPERATING INCOME FROM CONTINUING OPERATIONS

Total consolidated operating income from continuing operations decreased 10.4%, or $21.5 million, to $186.0 million in fiscal year 2019 compared to the prior year. Excluding the effect of the change in value of the Brazilian Real compared to the U.S. dollar, total consolidated operating income from continuing operations decreased 7.6%, or $15.8 million, in fiscal year 2019 compared to the prior year. The primary driver of the decreased operating income from continuing operations in fiscal year 2019 was the $50.9 million increase in restructuring expense, partially offset with the $26.2 million of settlement gains. Excluding the effect of the currency change, the settlement gains in fiscal year 2019, and the effects of the hurricanes and the restructuring expense in both fiscal year 2019 and 2018, consolidated operating income from continuing operations decreased $9.1 million, or 3.9%, in fiscal year 2019 compared to the prior year. The primary driver of this decrease was the $33.3 million increase in home office costs reallocated to continuing operations. This increase was partially offset with increased revenue in Financial Services and reduced home office costs.

	Year Ended June 30, 2019 (in thousands)				
Operating Income (Loss):	**Medical and Healthcare**	**Financial Services**	**Business and Law**	**Home Office and Other**	**Consolidated**
Fiscal Year 2018 as Reported	$ 189,672	$ 27,695	$ 29,431	$ (39,322)	$ 207,476
Organic Change	(27,197)	9,081	(5,087)	15,364	(7,839)
Effect of Acquisitions	—	(1,666)	450	—	(1,216)
Hurricane Impact	17,939	—	—	—	17,939
Restructuring Expense Change	(40,863)	(947)	(1,642)	(7,406)	(50,858)
Settlement Gains	15,571	—	—	10,607	26,178
Effect of Currency Change	—	—	(5,691)	—	(5,691)
Fiscal Year 2019 as Reported	$ 155,122	$ 34,163	$ 17,461	$ (20,757)	$ 185,989

Medical and Healthcare

Medical and Healthcare segment operating income decreased 18.2%, or $34.6 million, to $155.1 million in fiscal year 2019 compared to the prior year. Excluding the restructuring charges, the effects of Hurricanes Irma and Maria and the hurricane insurance settlement gain, segment operating income decreased 13.1%, or $27.2 million, to $181.2 million in fiscal year 2019 compared to the prior year. The primary drivers of the decrease in operating income in fiscal year 2019 relate to cost increases to support future growth including $23.6 million in home office costs reallocated to continuing operations and the return to a normal level of expense at AUC and RUSM as operations returned to St. Maarten and moved to Barbados, respectively.

Financial Services

Financial Services segment operating income increased 23.4%, or $6.5 million, to $34.2 million in fiscal year 2019 compared to the prior year. Operating income increased at ACAMS driven by increases in revenue and at Becker through increases in revenue and cost reduction efforts. These increases were partially offset by cost increases to support future growth including $5.6 million in home office costs reallocated to continuing operations.

Business and Law

Business and Law segment operating income decreased 40.7%, or $12.0 million, to $17.5 million in fiscal year 2019 compared to the prior year. Operating income was reduced by the effect of exchange rate changes by $5.7 million in fiscal year 2019. Excluding the effect of the exchange rate changes and restructuring charges, segment operating income decreased

15.1%, or $4.6 million, in fiscal year 2019 compared to the prior year, primarily driven by higher discounting and increased student recruiting costs. In addition, cost increases to support future growth including $4.1 million in home office costs reallocated to continuing operations.

NET OTHER EXPENSE

Net other expense in fiscal year 2019 was $15.8 million compared to $8.8 million in the prior year. The net other expense increase was primarily the result of increased borrowings under Adtalem's Credit Facility (as defined herein). Net other expense was also impacted with implementing ASU 2016-01 which requires investment gains and losses in available-for-sale equity investments to be reported in the income statement, rather than as previously disclosed in accumulated other comprehensive income. See "Note 13: Debt" and "Note 4: Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further details.

INCOME TAXES

The effective tax rate on income from continuing operations was 20.1% in fiscal year 2019 compared to 42.3% in the prior year. Tax expense in fiscal year 2019 included a special item related to one-time impacts from the sale of DeVry University. Also, tax expense in fiscal year 2018 included a special item of $103.9 million related to the Tax Act. Also during fiscal year 2018, a net tax benefit special item of $48.9 million was recorded for Adtalem's investment in Carrington and a net tax benefit special item of $8.8 million was recorded on foreign intangible assets following a restructuring in Brazil. The effective tax rates on income from continuing operations excluding special items was 19.0% and 19.1% for fiscal year 2019 and 2018, respectively. This decrease in fiscal year 2019 rate primarily reflects a lower U.S. tax rate resulting from the Tax Act, partially offset by higher additional expense from provisions of the Tax Act that were effective beginning in fiscal year 2019 and a decrease in the percentage of earnings from foreign operations, which are taxed at lower rates than domestic earnings. The provisions of the Tax Act impacting fiscal year 2019 include a tax on global intangible low-taxed income ("GILTI"), a limitation of certain executive compensation, and the repeal of the domestic production activity deduction. We have elected to account for GILTI as a period cost. The effective tax rate includes estimates of these new provisions. Our estimates may be revised in future periods as we obtain additional data and any new regulations or guidance is released.

Four of Adtalem's operating units benefit from local tax incentives: AUC, which operates in St. Maarten, RUSM, which operated in Dominica and beginning in January 2019 in Barbados, RUSVM, which operates in St. Kitts, and Adtalem Brazil, which operates in Brazil. AUC's effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. With respect to Dominica, RUSM had an indefinite period of exemption. In January 2019, RUSM moved its operations from Dominica to Barbados. RUSM has negotiated an agreement with the Barbados government that exempts it from local income taxation until 2039. RUSVM has an exemption in St. Kitts until 2037. Adtalem Brazil's effective tax rate reflects benefits derived from its participation in PROUNI, a Brazilian program for providing scholarships to a portion of its undergraduate students.

Adtalem has completed its accounting for the tax effects of the enactment of the Tax Act. The SEC has issued rules that allowed for a measurement period of up to one year after the enactment date of the legislation to finalize the recording of the related tax impacts. As that period has now ended, we have finalized the calculations of the Tax Act's impacts previously recorded in the second and fourth quarters of fiscal year 2018 with an immaterial adjustment in the second quarter of fiscal year 2019.

DISCONTINUED OPERATIONS

Beginning in the second quarter of fiscal year 2018, DeVry University operations were classified as discontinued operations. In addition, beginning in the fourth quarter of fiscal year 2018, Carrington operations were classified as discontinued operations. See "Note 2: Discontinued Operations" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further information. The divestiture of both of these operations was completed in the second quarter of fiscal year 2019. As a result, management has discontinued discussion of the DeVry University and Carrington operating results beginning with the second quarter of fiscal year 2019 Quarterly Report on Form 10-Q as comparable results are no longer meaningful.

CRITICAL ACCOUNTING POLICIES

"Note 4: Summary of Significant Accounting Policies," to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, describes the method of application of significant accounting policies and should be read in conjunction with the discussion below.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers (students and members), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

Performance Obligations and Revenue Recognition

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. For higher education students, arrangements for payment are agreed to prior to registration of the student's first academic term. The majority of U.S. students obtain Title IV or other financial aid resulting in institutions receiving a significant amount of the transaction price at the beginning of the academic term. Students utilizing private funding or funding through Adtalem's institutional loan program (see "Note 7: Financing Receivables" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further discussion) generally pay during or after the academic term is complete. For non-higher education customers, payment is typically due and collected at the time a customer places an order.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services.

For higher education, students may receive discounts, scholarships or refunds, which gives rise to variable consideration. The amounts of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard tuition rate charged. Upon withdrawal, a student may be eligible to receive a refund, or partial refund, the amount of which is dependent on the timing of the withdrawal during the academic term. If a student withdraws prior to completing an academic term, federal and state regulations and accreditation criteria permit Adtalem to retain only a set percentage of the total tuition received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by Adtalem in excess of such set percentages of tuition are refunded to the student or the appropriate funding source. For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of Adtalem's expected refunds are determined at the outset of each academic term, based upon actual refunds in previous academic terms. Reserves related to refunds are presented as refund liabilities within Accrued Liabilities on the Consolidated Balance Sheets. All refunds are netted against revenue during the applicable academic term.

Management reassesses collectability throughout the period revenue is recognized by the Adtalem institutions, on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid tuition charges. Such unpaid charges do not meet the threshold of reasonably collectible and are recognized as revenue on a cash basis.

For test preparation and other Financial Services products, the transaction price is equal to the amount charged to the customer, which is the standard rate, less any discounts and an estimate for returns or refunds.

We believe it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with the variable consideration is subsequently resolved. Therefore, the estimate of variable consideration is not constrained.

Expense Recognition

Advertising costs are recognized as expense in the period in which materials are purchased or services are performed. Similarly, start-up expenses related to new operating locations are charged to expense as incurred.

Stock-Based Compensation

Stock-based compensation expense is measured at the grant date based on the fair value of the award. Adtalem accounts for stock-based compensation granted to retirement eligible employees that fully vests upon an employee's retirement under the non-substantive vesting period approach. Under this approach, the entire stock-based compensation expense is recognized at the grant date for stock-based grants issued to retirement eligible employees. For non-retirement eligible employees, stock-based compensation expense is recognized as expense over the employee requisite service period. We account for forfeitures of outstanding but unvested grants in the period they occur. If factors change and different assumptions are employed in the valuation of stock-based grants in future periods, the stock-based compensation expense that Adtalem records may differ significantly from what was recorded in previous periods.

The fair value of share-based awards, including those with performance conditions, are measured as of the grant date. The fair value of Adtalem's stock option awards was estimated using a binomial model. This model uses historical cancellation and exercise experience of Adtalem to determine the option value. It also takes into account the illiquid nature of employee options during the vesting period. Share-based compensation expense is amortized for the estimated number of shares expected to vest. The estimated number of shares that will vest is based on management's determination of the probable outcome of the performance conditions, which may require considerable judgment. Adtalem records a cumulative adjustment to share-based compensation expense in periods when the estimate of the number of shares expected to vest changes. Expense is recognized to reflect the actual vested shares following the resolution of the performance conditions.

Impairment of Goodwill and Other Intangible Assets

In accordance with GAAP, goodwill and indefinite-lived intangibles arising from a business combination are not amortized and charged to expense over time. Instead, goodwill and indefinite-lived intangibles must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. Adtalem first assess goodwill for impairment qualitatively (Step 0) for the five reporting units that contained goodwill as of the fourth quarter of fiscal year 2019. Management analyzes factors that include results of operations and business conditions, significant changes in cash flows at the reporting unit level, as well as how much previously calculated fair values exceed carrying values to determine if it is more likely than not that the reporting units have been impaired. If there is reason to believe the carrying value of a reporting unit exceeds its fair value, then management performs a quantitative (Step1) impairment review. Adtalem uses a discounted cash flow model to compute fair value. The estimated fair values of the reporting units are based on management's projection of revenue, gross margin, operating costs and cash flows considering planned business and operational strategies over a long-term planning horizon of five years. These reporting units constitute components for which discrete financial information is available and regularly reviewed by segment management and the Board. If the carrying amount of a reporting unit containing the goodwill exceeds the fair value of that reporting unit, an impairment loss is recognized to the extent the fair value of the reporting unit goodwill is less than the carrying amount of the goodwill, up to the amount of goodwill recorded.

For indefinite-lived intangible assets, management first analyzes qualitative factors including results of operations and business conditions of the five reporting units that contain indefinite-lived intangible assets, significant changes in cash flows at the individual indefinite-lived intangible asset level, if applicable, as well as how much previously calculated fair values exceed carrying values to determine if it is more likely than not that the intangible assets associated with these reporting units have been impaired. If there is reason to believe the carrying value of an intangible asset exceeds its fair value, then management performs a quantitative impairment review. In calculating fair value, Adtalem uses various valuation techniques including a royalty rate model for trade names and intellectual property, a discounted cash flow model for Title IV eligibility and accreditation. The estimated fair values of these indefinite-lived intangible assets are based on management's projection of revenue, gross margin, operating costs and cash flows considering planned business and operational strategies over a long-term planning horizon of five years. The assumed royalty rates and the growth rates used to project cash flows and operating results are based upon historical results and analysis of the economic environment in which the reporting units that record indefinite-lived intangible assets operate. The valuations employ present value techniques to measure fair value and consider market factors. Management believes the assumptions used for the impairment testing are consistent with those that would be utilized by a market participant in performing similar valuations of its indefinite-lived intangible assets.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates, which could lead to additional impairments of intangible assets. For a discussion of the impairment review of goodwill and intangible assets see "Note 10: Intangible Assets" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K as well as the section below.

Impairment of Long-Lived Assets

Adtalem evaluates the carrying amount of its significant long-lived assets whenever changes in circumstances or events indicate that the value of such assets may not be fully recoverable. Events that may trigger an impairment analysis could include a decision by management to exit a market or a line of business or to consolidate operating locations. The accelerated depreciation and write-off charges are included in Restructuring Expense in the Consolidated Statements of Income (see "Note 11: Restructuring Charges" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K). For a discussion of the impairment review of goodwill and intangible assets see "Note 10: Intangible Assets" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K as well as the section above.

Income Taxes

Adtalem accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Adtalem also recognizes future tax benefits associated with tax loss and credit carryforwards as deferred tax assets. Adtalem's deferred tax assets are reduced by a valuation allowance, when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Adtalem measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which Adtalem expects to recover or settle the temporary differences. The effect of a change in tax rates on deferred taxes is recognized in the period that the change is enacted. Adtalem reduces its net tax assets for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions Adtalem has taken.

Estimates and Assumptions

Adtalem's financial statements include estimates and assumptions about the reported amounts of assets, liabilities, revenue, and expenses whose exact amounts will not be known until future periods. Management has discussed with the Audit and Finance Committee of the Board the critical accounting policies discussed above and the significant estimates included in the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Although management believes its assumptions and estimates are reasonable, actual amounts may differ from the estimates included in the Consolidated Financial Statements thereby materially affecting results in the future.

Adtalem's Consolidated Financial Statements reflect the following significant estimates and assumptions:

- The estimates and judgments used to record the provision for uncollectible accounts receivable. Adtalem believes that it has appropriately considered known or expected outcomes of its students' ability to pay their outstanding amounts due to Adtalem;
- The useful lives of equipment and facilities whose value is a significant portion of Adtalem's total assets;
- The value and useful lives of acquired finite-lived intangible assets;
- The value of goodwill and other indefinite-lived intangible assets;
- The pattern of the amortization of finite-lived intangible assets over their economic life;
- The value of deferred tax assets and evaluation of uncertainties under authoritative guidance;
- Costs associated with any settlement of claims and lawsuits, in excess of insurance policy coverage limits, in which Adtalem is a defendant;
- Healthcare reimbursement claims for medical services rendered but for which claims have not yet been processed or paid; and
- The value of stock-based compensation awards and related compensation expense.

The methodology management used to derive each of the above estimates for fiscal year 2019 is consistent with the manner in which such estimates were made in prior years, although management regularly analyzes the parameters used in setting the value of these estimates and may change those parameters as conditions warrant. Actual results could differ from those estimates.

Restructuring Charges

Adtalem's financial statements include charges related to severance and related benefits for workforce reductions. These charges also include early lease termination or cease-of-use costs and accelerated depreciation and losses on disposals of property and equipment related to campus and administrative office consolidations.

CONTINGENCIES

For a discussion of legal proceedings, see "Note 15: Commitments and Contingencies" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

LIQUIDITY AND CAPITAL RESOURCES

Student Payments

Adtalem's primary source of liquidity is the cash received from payments for student tuition, books, other educational materials and fees. These payments include funds originating as financial aid from various federal and state loan and grant programs, student and family educational loans ("private loans"), employer educational reimbursements and student and family financial resources. Adtalem continues to provide financing options for its students, including Adtalem's institutional loan programs.

The following table summarizes Adtalem's revenue by fund source as a percentage of total revenue for fiscal years 2018 and 2017. Final data for fiscal year 2019 is not yet available.

	Fiscal Year	
Funding Source:	**2018**	**2017**
Federal Assistance (Title IV) Program Funding (Grants and Loans)	46 %	47 %
Brazil FIES Public Loan Program	6 %	7 %
Private Loans	1 %	1 %
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance and other	47 %	45 %
Total	100 %	100 %

The table above excludes DeVry University and Carrington revenue. The increase in the "Student accounts, cash payments, private scholarships, employer and military provided tuition assistance and other" funding source is the result of management's efforts to reduce Adtalem's funding provided by U.S. federal and Brazilian FIES sources.

The pattern of cash receipts during the year is seasonal. Adtalem's cash collections on accounts receivable peak at the start of each institution's term. Accounts receivable reach their lowest level at the end of each term, dropping to the lowest point at the end of December.

Adtalem's consolidated cash balances of $299.4 million as of June 30, 2019 included $170.6 million of cash attributable to Adtalem's international operations. As a result of the Tax Act, Adtalem has revised its intent to indefinitely reinvest accumulated cash balances, future cash flows and post-acquisition undistributed earnings and profits in foreign operations, and only intends to maintain this position with respect to cash balances, cash flows and accumulated and future earnings in Brazil. In accordance with this plan, only cash held by the subsidiaries in Brazil will not be available for general company purposes. As of June 30, 2019, the cash balance attributable to operations in Brazil was $95.2 million. Management does not believe this policy will adversely affect Adtalem's overall liquidity.

Financial Aid

Like other higher education institutions, Adtalem is highly dependent upon the timely receipt of federal financial aid funds. All financial aid and assistance programs are subject to political and governmental budgetary considerations. In the U.S., the Higher Education Act ("HEA") guides the federal government's support of postsecondary education. If there are changes to financial aid programs that restrict student eligibility or reduce funding levels, Adtalem's financial condition and cash flows could be materially and adversely affected. See "Item 1A – Risk Factors" of this Annual Report on Form 10-K for a discussion of student financial aid related risks.

In addition, government-funded financial assistance programs are governed by extensive and complex regulations in the U.S. and Brazil. Like any other educational institution, Adtalem's administration of these programs is periodically reviewed by various regulatory agencies and is subject to audit or investigation by other governmental authorities. Any violation could be the basis for penalties or other disciplinary action, including initiation of a suspension, limitation or termination proceeding.

If the U.S. Department of Education ("ED") determines that we have failed to demonstrate either financial responsibility or administrative capability in any pending program review, or otherwise determines that an institution has violated the terms of its Program Participation Agreement ("PPA"), we could be subject to sanctions including: fines, penalties, reimbursement for discharged loan obligations, a requirement to post a letter of credit and/or suspension or termination of our eligibility to participate in the Title IV programs.

On October 13, 2016, DeVry University and ED reached a negotiated agreement (the "ED Settlement") to settle the claims asserted in a Notice of Intent to Limit from the Multi-Regional and Foreign School Participation Division of the Federal Student Aid office of the Department of Education ("ED FSA"). Under the terms of the ED Settlement, among other things, without admitting wrongdoing, DeVry University, agreed to certain compliance requirements regarding its past and future advertising, that DeVry University's participation in Title IV programs is subject to provisional certification for five years and that DeVry University is required to post a letter of credit equal to the greater of 10% of DeVry University's annual Title IV disbursements or $68.4 million for a five-year period. The posted letter of credit continues to be posted by Adtalem following the closing of the sale of DeVry University and reduces Adtalem's borrowing capacity dollar-for-dollar under its Credit Facility.

An ED regulation known as the “90/10 Rule” affects only proprietary postsecondary institutions, such as Chamberlain, AUC, RUSM and RUSVM. Under this regulation, an institution that derives more than 90% of its revenue on a cash basis from Title IV student financial assistance programs in two consecutive fiscal years loses eligibility to participate in these programs for at least two fiscal years. The following table details the percentage of revenue on a cash basis from federal financial assistance programs (excluding the U.S. Department of Veterans Affairs and military tuition assistance benefits) for each of Adtalem’s Title IV-eligible institutions for fiscal years 2018 and 2017. Final data for fiscal year 2019 is not yet available.

	Fiscal Year	
	2018	2017
Chamberlain University	62 %	63 %
American University of the Caribbean School of Medicine	74 %	80 %
Ross University School of Medicine	81 %	82 %
Ross University School of Veterinary Medicine	82 %	83 %

In September 2016, Adtalem committed to voluntarily limit to 85% the amount of revenue that each of its four Title IV-eligible institutions derive from federal funding, including the U.S. Department of Veterans Affairs and military tuition assistance benefits. As disclosed in the third-party review report that has been made publicly available, Adtalem’s institutions have met this lower threshold for fiscal year 2018. Final data for fiscal year 2019 is not yet available. Adtalem is committed to implementing measures to promote responsible recruitment and enrollment, successful student outcomes, and informed student choice. Management believes students deserve greater transparency to make informed choices about their education. This commitment builds upon a solid foundation and brings Adtalem to a new self-imposed level of public accountability and transparency.

Under the terms of Adtalem institutions’ participation in financial aid programs, certain cash received from state governments and ED is maintained in restricted bank accounts. Adtalem receives these funds either after the financial aid authorization and disbursement process for the benefit of the student is completed, or just prior to that authorization. Once the authorization and disbursement process for a particular student is completed, the funds may be transferred to unrestricted accounts and become available for Adtalem to use in operations. This process generally occurs during the academic term for which such funds have been authorized. Cash in the amount of $1.0 million and $0.3 million was held in restricted bank accounts at June 30, 2019 and 2018, respectively.

A financial responsibility test is required for continued participation by an institution’s students in U.S. federal financial assistance programs. For Adtalem’s participating institutions, this test is calculated at the consolidated Adtalem level. The test is based upon a composite score of three ratios: an equity ratio that measures the institution’s capital resources; a primary reserve ratio that measures an institution’s ability to fund its operations from current resources; and a net income ratio that measures an institution’s ability to operate profitably. A minimum score of 1.5 is necessary to meet ED’s financial standards. Institutions with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. These schools are subject to heightened cash monitoring and other participation requirements. An institution with a score of less than 1.0 is considered not financially responsible. However, a school with a score of less than 1.0 may continue to participate in the Title IV programs under provisional certification. In addition, this lower score typically requires that the school be subject to heightened cash monitoring requirements and post a letter of credit (equal to a minimum of 10% of the Title IV aid it received in the institution's most recent fiscal year).

For the past several years, Adtalem’s composite score has exceeded the required minimum of 1.5. If Adtalem becomes unable to meet requisite financial responsibility standards or otherwise demonstrate, within the regulations, its ability to continue to provide educational services, then Adtalem could be subject to heightened cash monitoring or be required to post a letter of credit to enable its students to continue to participate in federal financial assistance programs.

Cash Provided by Operating Activities

The following table provides a summary of cash flows from operations (in thousands):

	Year Ended June 30,	
	2019	2018
Net Income from Continuing Operations	$ 136,024	$ 114,443
Non-cash Items	136,870	108,049
Changes in Assets and Liabilities	(46,445)	(1,212)
Net Cash Provided by Operating Activities-Continuing Operations	$ 226,449	$ 221,280

Cash generated from operating activities for continuing operations in fiscal year 2019 was $226.4 million compared to $221.3 million in the prior year. Net income from continuing operations increased by $21.6 million in fiscal year 2019 compared to the prior year. The increase of $28.8 million in non-cash items in fiscal year 2019 compared to the prior year was the result of the following:

- An increase of $13.9 million in depreciation and write-offs of building, building improvements, leasehold improvements, furniture and equipment. This was primarily the result of recording $39.1 million in impairment write-downs of land, buildings and equipment at RUSM's Dominica campus in fiscal year 2019, compared to $31.0 million in impairment write-downs of building, building improvements, furniture and equipment at AUC and RUSM from damage caused by Hurricanes Irma and Maria in fiscal year 2018. Write-offs related to real estate restructuring at Adtalem Brazil and Adtalem home office also increased in fiscal year 2019.
- A decrease of $0.7 million in amortization of deferred debt issuance costs.
- An increase of $2.2 million in provision for bad debts due to write-offs of institutional student loans.
- A decrease of $1.3 million in stock-based compensation expense.
- A decrease of $1.2 million in amortization expense and write-off of intangible assets.
- An increase of $31.4 million in the deferred income tax provision related to the timing of deductions.
- An increase in realized and unrealized loss on investments of $0.2 million.
- An increase in insurance settlement gain of $15.6 million. This gain resulted from final settlement of hurricane claims which were in excess of expense recorded for hurricane related evacuation processes, temporary housing and transportation of students, faculty and staff, and incremental costs of teaching at alternative sites. The excess funds were applied against capital repairs and replacement, which requires classification of the proceeds as an investing activity.

Changes in assets and liabilities from June 30, 2018 reduced operating cash flow by $46.4 million, driven by the following:

- A $27.7 million decrease resulting from an increase in accounts receivable balances (excluding the provisions for bad debts) due to higher billings from year-end sales promotions at Becker and timing of cash receipts at Becker and RUSM.
- A $10.1 million decrease resulting from an increase in deferred revenue balances due to the timing of revenue recognition and lower revenue at Adtalem Brazil.
- A $13.8 million decrease resulting from a decrease in restructure liability balances due to net cash outflows on restructure activities.

Cash Used in Investing Activities

Capital expenditures in fiscal year 2019 were $64.8 million compared to $66.5 million in the prior year. The capital expenditures include spending for relocating RUSM's campus from Dominica to Barbados in fiscal year 2019 and hurricane-related spending to repair AUC and RUSM-Dominica campuses mainly in fiscal year 2018.

Capital spending for fiscal year 2020 will support continued investment at RUSM's new Barbados campus, new campus development at Chamberlain and moderate facility improvements at Adtalem Brazil. Management anticipates fiscal year 2020 capital spending to be in the $45 to $50 million range.

In the second quarter of fiscal year 2019, AUC and RUSM received the final insurance proceeds in settlement of claims made related to Hurricanes Irma and Maria. The total proceeds received from insurance settlements were in excess of expense recorded for hurricane-related evacuation processes, temporary housing and transportation of students, faculty and staff, and incremental costs of teaching at alternative sites, less deductibles. The resulting excess proceeds of $35.7 million were applied against asset damages and capital repairs and replacement, which requires classification of the gain as an investing activity.

On May 31, 2019, Adtalem completed the acquisition of 100% of the equity interests of OCL for $118.4 million, net of cash of $1.2 million. The payment for this purchase was funded with available domestic cash balances and $100 million in borrowings under Adtalem's revolving credit facility. OCL is a leading provider of compliance training, licensure preparation, continuing education and professional development in the banking and mortgage industries across the U.S. The acquisition furthers Adtalem's growth strategy into financial services.

In May 2018, Adtalem invested $5.0 million for a 3.68% equity interest (on a fully-diluted basis) in Singularity University ("SU"). SU teaches corporate leaders about the exponential technologies reshaping modern business. Adtalem recorded this as an investment at its cost basis.

On February 5, 2018, Adtalem completed the acquisition of a majority interest in EduPristine. Under the terms of the agreement, Adtalem agreed to pay approximately $3.2 million in cash, in exchange for stock of EduPristine, increasing Adtalem's ownership share from 36% to 64%. This ownership percentage was increased to 69% with an additional equity investment of $1.3 million in March 2018. EduPristine is a training provider in India in the areas of finance, accounting, analytics, marketing and healthcare. The acquisition furthers Adtalem's global growth strategy into financial services.

On November 1, 2017, Adtalem Brazil completed the acquisition of SJT. Under the terms of the agreement, Adtalem Brazil agreed to pay approximately $6.0 million in cash in exchange for 100% of the stock of SJT. Approximately $1.0 million of payments were made in the second quarter of fiscal year 2018, with additional aggregate payments of approximately $5.0 million required over the succeeding four years. SJT offers medical doctor specialty test preparation and currently serves approximately 2,700 students located in São Paulo. The acquisition of SJT added a new product offering to Adtalem Brazil's test preparation business.

On December 4, 2018, Adtalem completed the sale of its ownership of all the outstanding equity interests in U.S. Education Holdings LLC, the holding company of Carrington, to SJVC, pursuant to the terms and conditions of the MIPA, dated June 28, 2018. The equity interests were sold for deminimis consideration, subject to customary adjustments for working capital and required transfer of $9.9 million of cash and restricted cash balances in fiscal year 2019.

On December 11, 2018, Adtalem completed the sale of the equity interests of DeVry University to Cogswell under the terms of the purchase agreement dated December 4, 2017. The equity interests were sold for deminimis consideration, subject to customary adjustments for working capital and required transfer of $40.2 million of cash and restricted cash balances in fiscal year 2019. In connection with the completion of the sale, Adtalem loaned $10.0 million to DeVry University under the terms of the promissory note, dated December 11, 2018 (the "Note"). The Note bears interest at a rate of 4% per annum, payable annually in arrears, and has a maturity date of January 1, 2022.

Cash (Used in) Provided by Financing Activities

The following table provides a summary of cash flows from financing activities (in thousands):

	Year Ended June 30,	
	2019	**2018**
Proceeds from Exercise of Stock Options	$ 16,994	$ 23,821
Repurchase of Common Stock for Treasury	(252,852)	(137,028)
Payments of Seller Financed Obligations	(2,295)	(11,413)
Net Borrowings Under Credit Facilities	107,000	175,000
Payment of Debt Issuance Costs	—	(9,871)
Other	(6,380)	(3,305)
Net Cash (Used in) Provided by Financing Activities	$ (137,533)	$ 37,204

Proceeds from Exercise of Stock Options - Cash received from option holders for price paid at time of exercise.

Repurchase of Common Stock for Treasury – Cash paid for the repurchase of Adtalem's common stock.

Payments of Seller Financed Obligations - Adtalem has recorded liabilities for deferred purchase price agreements with sellers related to the acquisitions of Faculdade Diferencial Integral ("Facid"), Faculdade Ideal ("Faci"), Damasio, Grupo Ibmec Educacional S.A. ("Ibmec"), Faculdade de Imperatriz ("Facimp") and SJT. This financing is in the form of holdbacks of a portion of the purchase price of these acquisitions or installment payments. Payments are made under these agreements based on payment schedules or the resolution of certain pre-acquisition contingencies.

Net Borrowings Under Credit Facilities - Net borrowings and repayments under its Prior Credit Facility and the new Credit Facility (see Note 13: "Debt" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K).

Payment of Debt Issuance Costs - Costs paid in relation to the new Senior Secured Credit Facilities (see Note 13: "Debt" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K).

Historically, Adtalem has produced positive cash flows from operating activities sufficient to fund the delivery of its educational programs and services as well as to fund capital investment and share repurchases. As a result of the Tax Act, Adtalem has revised its intent to indefinitely reinvest accumulated cash balances, future cash flows and post-acquisition undistributed earnings and profits in foreign operations, and only intends to maintain this position with respect to cash balances, cash flows and accumulated and future earnings in Brazil. In accordance with this plan, beginning in the third quarter of fiscal year 2018, cash held by all foreign subsidiaries except those in Brazil is available for general company purposes. The cash held in Brazil along with future cash flows from operating activities is sufficient to fund the Adtalem Brazil operations.

Management believes current balances of unrestricted cash, cash generated from operations and the Credit Facility will be sufficient to fund both Adtalem's current domestic and international operations, growth plans and current share repurchase program for the foreseeable future unless significant investment opportunities should arise.

Other Contractual Arrangements

Adtalem's long-term contractual obligations consist of its $600 million Credit Facility (discussed in "Note 13: Debt" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K), operating leases on facilities and equipment and agreements for various services. In addition, Adtalem has recorded liabilities for deferred purchase price agreements with sellers related to acquisitions at Adtalem Brazil (discussed above).

In fiscal year 2018, Adtalem recorded a liability of $96.3 million for the one-time transition tax on the deemed repatriation of foreign earnings, pursuant to the Tax Act. This amount was reduced to $8.7 million after utilization of tax credits and current and prior year tax losses, and is payable over eight years. The first installment would have been due on September 15, 2018; however, no payments will be required until fiscal year 2021.

On December 11, 2018, Adtalem closed the sale of the equity interests of DeVry University to Cogswell under the terms of the purchase agreement dated December 4, 2017. In connection with the closing of the sale, Adtalem loaned to DeVry University $10.0 million under the terms of the Note. The Note bears interest at a rate of 4% per annum, payable annually in arrears and has a maturity date of January 1, 2022.

Adtalem is leasing space to DeVry University at five facilities owned by Adtalem and subleasing space, in full or in part, at an additional 24 facilities, of which 17 are subleased to DeVry University and/or Carrington. Adtalem remains the primary lessee on the 24 underlying leases. These lease and sublease agreements were entered into at comparable market rates and the terms range from one to seven years. Future minimum lease and sublease rental income under these agreements as of June 30, 2019, are as follows (in thousands):

Fiscal Year	Amount
2020	$ 25,097
2021	19,714
2022	16,696
2023	15,951
2024	10,095
Thereafter	6,646
Total	$ 94,199

Subject to certain conditions as set forth in the purchase agreement, through December 11, 2020, DeVry University is permitted to put back to Adtalem subleased space to the extent Adtalem's expenses, which consist of lost rent associated with the remaining term of Adtalem's lease for any such subleased space and certain capital expenditures incurred in connection with repurposing or otherwise readying and such subleased space leasable to a third-party, not to exceed $0.7 million.

Adtalem also assigned certain leases to DeVry University and Carrington but remains contingently liable under these leases.

	Due In					
	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years	All Other
	(in thousands)					
Long-Term Debt	$ 407,000	$ 3,000	$ 6,000	$ 116,000	$ 282,000	$ —
Operating Leases	405,430	86,010	149,802	98,749	70,869	—
Deferred Purchase Price Agreements	16,444	6,794	9,650	—	—	—
Employment Agreements	769	415	354	—	—	—
Transition Tax	8,729	—	310	2,848	5,571	—
Uncertain Tax Positions	36,182	—	—	—	—	36,182
Total Cash Obligation	$ 874,554	$ 96,219	$ 166,116	$ 217,597	$ 358,440	$ 36,182

OFF-BALANCE SHEET ARRANGEMENTS

Adtalem is not a party to any off-balance sheet financing or contingent payment arrangements, nor are there any unconsolidated subsidiaries. Adtalem has not extended any loans to any officer, director or other affiliated person. Adtalem has not entered into any synthetic leases, and there are no residual purchase or value commitments related to any facility lease. Adtalem did not enter into any derivatives, swaps, futures contracts, calls, hedges or non-exchange traded contracts during fiscal year 2019. Adtalem had no open derivative positions at June 30, 2019.

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, see “Note 4: Summary of Significant Accounting Policies” to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Adtalem is not dependent upon the price levels, nor affected by fluctuations in pricing, of any particular commodity or group of commodities. However, more than 50% of Adtalem's costs are in the form of wages and benefits. Changes in employment market conditions or escalations in employee benefit costs could cause Adtalem to experience cost increases at levels beyond what it has historically experienced.

The financial position and results of operations of AUC, RUSM and RUSVM Caribbean operations are measured using the U.S. dollar as the functional currency. Substantially all of these financial transactions are denominated in the U.S. dollar.

The financial position and results of operations of Adtalem Brazil operations are measured using the Brazilian Real as the functional currency. Adtalem Brazil has not entered into any material long-term contracts to purchase or sell goods and services, other than the lease agreements on teaching facilities and contingencies relating to prior acquisitions. Currently, Adtalem does not have any foreign exchange contracts or derivative financial instruments designed to mitigate changes in the value of the Brazilian Real. Brazilian-based assets constitute 25.8% of Adtalem's overall assets, and Brazilian-based liabilities constitute 6.2% of Adtalem's overall liabilities. The value of the Brazilian Real has been volatile in relation to the U.S. dollar over the past several years. During fiscal year 2018, the value remained fairly steady compared to fiscal year 2017, but declined in value during the fourth quarter of fiscal year 2018, finishing approximately 15% lower at June 30, 2018 compared to June 30, 2017. During fiscal year 2019, the value averaged approximately 14% lower compared to fiscal year 2018. Based upon the current value of the net assets in Adtalem Brazil's operations, a change of $0.01 in the value of the U.S. dollar relative to the Brazilian Real results in a translation adjustment to Accumulated Other Comprehensive Loss of approximately $17.2 million. For fiscal year 2019, the lower value of the Brazilian Real also resulted in lower U.S. translated revenue and operating income compared to the prior year.

The interest rate on Adtalem's Credit Facility is based upon LIBOR or a LIBOR-equivalent rate for Eurocurrency rate loans or a base rate for periods typically ranging from one to three months. As of June 30, 2019, Adtalem had $407.0 million in outstanding borrowings under the Term B Loan and Revolver with a weighted average interest rate of 5.20%. Based upon borrowings of $407.0 million, a 100 basis point increase in short-term interest rates would result in $4.1 million of additional annual interest expense.

Adtalem's customers are principally individual students enrolled in its various educational programs. Accordingly, concentration of accounts receivable credit risk is small relative to total revenue and accounts receivable. However, the Adtalem Brazil FIES accounts receivable balance has remained elevated for the past several years due to changes in government funding of the program. As of June 30, 2019 and 2018, the FIES accounts receivable balance was $26.2 million and $35.9 million, respectively.

Adtalem's cash is held in accounts at various large, financially secure depository institutions. Although the amount on deposit at a given institution typically will exceed amounts subject to guarantee, Adtalem has not experienced any deposit losses to date, nor does management expect to incur such losses in the future.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ADTALEM GLOBAL EDUCATION INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2019	June 30, 2018
	(in thousands, except share and par value amounts)	
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 299,445	$ 430,690
Investments in Marketable Securities	8,680	4,255
Restricted Cash	1,022	310
Accounts Receivable, Net	157,829	146,726
Prepaid Expenses and Other Current Assets	37,724	58,887
Current Assets Held for Sale	—	47,132
Total Current Assets	504,700	688,000
Land, Building and Equipment:		
Land	44,609	48,177
Building	383,331	389,129
Equipment	281,551	302,516
Construction in Progress	16,222	25,360
	725,713	765,182
Accumulated Depreciation	(361,030)	(376,528)
Land, Building and Equipment, Net	364,683	388,654
Noncurrent Assets:		
Deferred Income Taxes	18,314	38,780
Intangible Assets, Net	418,097	362,931
Goodwill	874,451	813,887
Other Assets, Net	62,451	39,259
Other Assets Held for Sale	—	13,450
Total Noncurrent Assets	1,373,313	1,268,307
TOTAL ASSETS	$ 2,242,696	$ 2,344,961
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$ 57,627	$ 47,477
Accrued Salaries, Wages and Benefits	64,492	71,289
Accrued Liabilities	86,722	80,803
Deferred Revenue	99,790	106,773
Current Portion of Long-Term Debt	3,000	3,000
Current Liabilities Held for Sale	—	56,439
Total Current Liabilities	311,631	365,781
Noncurrent Liabilities:		
Long-Term Debt	398,094	290,073
Deferred Income Taxes	29,426	29,115
Other Liabilities	102,472	131,380
Noncurrent Liabilities Held for Sale	—	216
Total Noncurrent Liabilities	529,992	450,784
TOTAL LIABILITIES	841,623	816,565
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
NONCONTROLLING INTEREST	9,543	9,110
SHAREHOLDERS' EQUITY:		
Common Stock, $0.01 Par Value, 200,000,000 Shares Authorized; 55,303,000 and 59,893,000 Shares Outstanding at June 30, 2019 and June 30, 2018, respectively	801	793
Additional Paid-in Capital	486,061	454,653
Retained Earnings	2,012,902	1,917,373
Accumulated Other Comprehensive Loss	(137,290)	(142,168)
Treasury Stock, at Cost, 24,830,000 and 19,390,000 Shares at June 30, 2019 and June 30, 2018, respectively	(970,944)	(711,365)
TOTAL SHAREHOLDERS' EQUITY	1,391,530	1,519,286
TOTAL LIABILITIES, NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY	$ 2,242,696	$ 2,344,961

The accompanying notes are an integral part of these consolidated financial statements.

ADTALEM GLOBAL EDUCATION INC.
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended June 30,		
	2019	2018	2017
	(in thousands, except per share amounts)		
REVENUE	$ 1,239,687	$ 1,231,211	$ 1,207,909
OPERATING COST AND EXPENSE:			
Cost of Educational Services	623,540	645,604	638,245
Student Services and Administrative Expense	400,411	373,064	369,043
Restructuring Expense	55,925	5,067	12,973
Settlement Gains	(26,178)	—	—
Regulatory Settlements	—	—	52,150
Total Operating Cost and Expense	1,053,698	1,023,735	1,072,411
Operating Income from Continuing Operations	185,989	207,476	135,498
OTHER INCOME (EXPENSE):			
Interest and Dividend Income	7,976	5,827	4,905
Interest Expense	(23,631)	(14,620)	(9,144)
Investment Loss	(153)	—	—
Net Other Expense	(15,808)	(8,793)	(4,239)
Income from Continuing Operations Before Income Taxes	170,181	198,683	131,259
Income Tax Provision	(34,157)	(84,102)	(9,594)
Equity Method Investment Loss	—	(138)	(694)
Income from Continuing Operations	136,024	114,443	120,971
DISCONTINUED OPERATIONS (NOTE 2):			
(Loss) Income from Discontinued Operations Before Income Taxes	(14,630)	(124,162)	3,135
Loss on Disposal of Discontinued Operations Before Income Taxes	(33,604)	—	—
Income Tax Benefit (Provision)	7,791	44,016	(826)
(Loss) Income from Discontinued Operations	(40,443)	(80,146)	2,309
NET INCOME	95,581	34,297	123,280
Net Income Attributable to Noncontrolling Interest	(413)	(528)	(997)
NET INCOME ATTRIBUTABLE TO ADTALEM GLOBAL EDUCATION	$ 95,168	$ 33,769	$ 122,283
AMOUNTS ATTRIBUTABLE TO ADTALEM GLOBAL EDUCATION:			
Income from Continuing Operations	$ 135,611	$ 113,915	$ 119,974
(Loss) Income from Discontinued Operations	(40,443)	(80,146)	2,309
NET INCOME ATTRIBUTABLE TO ADTALEM GLOBAL EDUCATION	$ 95,168	$ 33,769	$ 122,283
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO ADTALEM GLOBAL EDUCATION SHAREHOLDERS:			
Basic:			
Continuing Operations	$ 2.32	$ 1.85	$ 1.89
Discontinued Operations	$ (0.69)	$ (1.30)	$ 0.04
Total	$ 1.63	$ 0.55	$ 1.93
Diluted:			
Continuing Operations	$ 2.29	$ 1.83	$ 1.87
Discontinued Operations	$ (0.68)	$ (1.29)	$ 0.04
Total	$ 1.60	$ 0.54	$ 1.91
Cash Dividends Declared per Common Share	$ —	$ —	$ 0.18

The accompanying notes are an integral part of these consolidated financial statements.

ADTALEM GLOBAL EDUCATION INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended June 30,		
	2019	2018	2017
		(in thousands)	
NET INCOME	$ 95,581	$ 34,297	$ 123,280
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Currency Translation Gain (Loss)	5,185	(83,174)	(16,845)
Change in Fair Value of Available-For-Sale Securities	74	125	193
COMPREHENSIVE INCOME (LOSS)	100,840	(48,752)	106,628
COMPREHENSIVE (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(471)	1,199	(629)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO ADTALEM GLOBAL EDUCATION	$ 100,369	$ (47,553)	$ 105,999

The accompanying notes are an integral part of these consolidated financial statements.

ADTALEM GLOBAL EDUCATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2019	2018	2017
	(in thousands)		
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Income	$ 95,581	$ 34,297	$ 123,280
Loss (Income) from Discontinued Operations	40,443	80,146	(2,309)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Stock-Based Compensation Expense	13,217	14,499	16,600
Depreciation	43,029	43,286	45,805
Amortization of Intangible Assets	8,712	9,538	11,169
Amortization of Deferred Debt Issuance Costs	1,566	2,273	704
Impairment of Intangible Assets	—	400	—
Provision for Bad Debts	19,141	16,920	19,002
Deferred Income Taxes	20,761	(10,595)	3,797
Loss on Disposals, Accelerated Depreciation and Adjustments to Land, Building and Equipment	45,862	31,728	10,507
Realized Loss on Investments	207	—	—
Unrealized Gain on Investments	(54)	—	—
Insurance Settlement Gain	(15,571)	—	—
Changes in Assets and Liabilities:			
Accounts Receivable	(27,706)	(26,413)	(41,829)
Prepaid Expenses and Other	(24,300)	16,793	(9,647)
Accounts Payable	9,199	9,964	3,846
Accrued Salaries, Wages, Benefits and Liabilities	6,451	(4,938)	9,500
Deferred Revenue	(10,089)	3,382	11,334
Net Cash Provided by Operating Activities-Continuing Operations	226,449	221,280	201,759
Net Cash (Used in) Provided by Operating Activities-Discontinued Operations	(21,591)	17,909	29,161
NET CASH PROVIDED BY OPERATING ACTIVITIES	204,858	239,189	230,920
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital Expenditures	(64,751)	(66,530)	(42,508)
Insurance Proceeds Received for Damage to Buildings and Equipment	35,706	—	—
Sales of Marketable Securities	1,841	—	—
Purchases of Marketable Securities	(6,321)	(159)	(93)
Payment for Purchase of Businesses, Net of Cash Acquired	(118,409)	(4,041)	(330,567)
Payment for Investment in Business	—	(5,000)	—
Loan to DeVry University (Note 2)	(10,000)	—	—
Net Cash Used in Investing Activities-Continuing Operations	(161,934)	(75,730)	(373,168)
Net Cash (Used in) Provided by Investing Activities-Discontinued Operations	(1,833)	4,280	(6,486)
Cash and Restricted Cash Transferred in Divestitures of Discontinued Operations	(50,069)	—	—
NET CASH USED IN INVESTING ACTIVITIES	(213,836)	(71,450)	(379,654)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Exercise of Stock Options	16,994	23,821	27,675
Employee Taxes Paid on Withholding Shares	(6,801)	(4,203)	(2,956)
Proceeds from Stock Issued Under Colleague Stock Purchase Plan	421	803	865
Repurchase of Common Stock for Treasury	(252,852)	(137,028)	(48,508)
Cash Dividends Paid	—	—	(11,414)
Payments of Seller Financed Obligations	(2,295)	(11,413)	(4,819)
Borrowings Under Credit Facility	135,000	578,000	527,000
Repayments Under Credit Facility	(28,000)	(403,000)	(402,000)
Payment of Debt Issuance Costs	—	(9,871)	—
Capital Investment from Noncontrolling Interest	—	95	—
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(137,533)	37,204	85,843
Effects of Exchange Rate Differences	2,573	(11,634)	(1,360)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(143,938)	193,309	(64,251)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	444,405	251,096	315,347
Cash, Cash Equivalents and Restricted Cash at End of Period	300,467	444,405	251,096
Less: Cash, Cash Equivalents and Restricted Cash of Discontinued Operations at End of Period	—	13,405	9,358
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 300,467	$ 431,000	$ 241,738
Cash Paid During the Year For:			
Interest	$ 20,410	$ 11,505	$ 7,325
Income Taxes, Net	$ 3,230	$ 8,365	$ 14,901
Non-cash Investing and Financing Activity:			
Increase (Decrease) in Redemption Value of Noncontrolling Interest Put Options	$ 20	$ (1,872)	$ 176

The accompanying notes are an integral part of these consolidated financial statements.

ADTALEM GLOBAL EDUCATION INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
	(in thousands, except per share amounts)					
Balance at June 30, 2016	$ 765	$ 372,175	$ 1,771,068	$ (42,467)	$ (519,454)	$ 1,582,087
Net income			122,283			122,283
Foreign currency translation				(16,845)		(16,845)
Unrealized investment gains, net of tax				193		193
Change in noncontrolling interest put option			(176)			(176)
Stock-based compensation		16,600				16,600
Cash dividends of $0.18 per common share			(11,414)			(11,414)
Net activity from stock-based compensation awards	16	27,901			(3,199)	24,718
Tax cost from exercise of stock-based compensation awards		(764)				(764)
Proceeds from stock issued under Colleague Stock Purchase Plan			(364)		1,229	865
Repurchase of common shares for treasury					(48,508)	(48,508)
Balance at June 30, 2017	781	415,912	1,881,397	(59,119)	(569,932)	1,669,039
Cumulative effect adjustment upon the adoption of ASU 2016-09		(596)	360			(236)
Net income			33,769			33,769
Foreign currency translation				(83,174)		(83,174)
Unrealized investment gains, net of tax				125		125
Change in noncontrolling interest put option			1,872			1,872
Stock-based compensation		14,499				14,499
Net activity from stock-based compensation awards	12	24,762			(5,157)	19,617
Proceeds from stock issued under Colleague Stock Purchase Plan		76	(25)		752	803
Repurchase of common shares for treasury					(137,028)	(137,028)
Balance at June 30, 2018	793	454,653	1,917,373	(142,168)	(711,365)	1,519,286
Cumulative effect adjustment upon the adoption of ASU 2016-01			381	(381)		—
Net income			95,168			95,168
Foreign currency translation				5,185		5,185
Unrealized investment gains, net of tax				74		74
Change in noncontrolling interest put option			(20)			(20)
Stock-based compensation		14,075				14,075
Net activity from stock-based compensation awards	8	17,245			(7,060)	10,193
Proceeds from stock issued under Colleague Stock Purchase Plan		88			333	421
Repurchase of common shares for treasury					(252,852)	(252,852)
Balance at June 30, 2019	$ 801	$ 486,061	$ 2,012,902	$ (137,290)	$ (970,944)	$ 1,391,530

The accompanying notes are an integral part of these consolidated financial statements.

ADTALEM GLOBAL EDUCATION INC.

Notes to Consolidated Financial Statements

NOTE 1: NATURE OF OPERATIONS

For purposes of this report, “Adtalem,” “we,” “our,” “us,” or similar references refers to Adtalem Global Education Inc. and its consolidated subsidiaries, unless the context requires otherwise. Adtalem is a global provider of educational services and one of the largest publicly-held educational organizations in the world. The Consolidated Financial Statements include accounts of Adtalem and its wholly-owned and majority-owned subsidiaries. Adtalem’s wholly-owned subsidiaries include:

- Chamberlain University (“Chamberlain”)
- American University of the Caribbean School of Medicine (“AUC”)
- Ross University School of Medicine (“RUSM”)
- Ross University School of Veterinary Medicine (“RUSVM”)
- Association of Certified Anti-Money Laundering Specialists (“ACAMS”)
- Becker Professional Education (“Becker”)
- OnCourse Learning (“OCL”)

In addition, Adtalem had a 97.9% ownership interest in Adtalem Education of Brazil (“Adtalem Brazil”) as of June 30, 2019. On July 1, 2019, the Adtalem Brazil management noncontrolling interest members exercised their put options and sold their remaining ownership interests in Adtalem Brazil to Adtalem. As of the first quarter of fiscal year 2020, Adtalem owns 100% of Adtalem Brazil. In addition, Adtalem maintains a 69% ownership interest in EduPristine.

These institutions offer degree and non-degree programs in business, healthcare and technology and serve students in postsecondary education as well as accounting, finance and legal professionals.

On December 4, 2018, Adtalem completed the sale of its previously wholly-owned subsidiary Carrington College (“Carrington”). On December 11, 2018, Adtalem completed the sale of its previously wholly-owned subsidiary DeVry University. Carrington and DeVry University are presented as discontinued operations. See “Note 2: Discontinued Operations” for additional details.

Chamberlain offers a pre-licensure bachelor’s degree in nursing at 21 campus locations and post-licensure bachelor’s, master’s and doctorate degree programs in nursing through its online platform. Pre-licensure students take non-clinical courses either online or onsite. All post-licensure nursing and Master of Public Health (“MPH”) courses are offered online.

AUC operates a campus in the Caribbean country of St. Maarten. Students complete their basic science curriculum on a campus in the Caribbean and complete their clinical education in the U.S., Canadian and United Kingdom teaching hospitals under affiliation with AUC.

In January 2019, RUSM relocated its campus operations to Barbados from Dominica. RUSM students complete their basic science curriculum on a campus in the Caribbean and complete their clinical education in the U.S. and Canadian teaching hospitals under affiliation with RUSM.

RUSVM operates a campus in the Caribbean country of St. Kitts. RUSVM students complete their basic science curriculum on a campus in the Caribbean and complete their clinical education in the U.S. and international veterinary schools under affiliation with RUSVM.

ACAMS is an international membership organization dedicated to enhancing the knowledge, skills and expertise of anti-money laundering and financial crime detection and prevention professionals. ACAMS’ main products include membership service, Certified Anti-Money Laundering Specialist (“CAMS”) certification, conferences, risk assessment, training and publications.

Becker prepares candidates for the U.S. Certified Public Accountant (“CPA”) examination and the Certified Management Accountant (“CMA”) examination. Becker also offers continuing professional education programs and seminars in accounting and finance. Classes are taught online and live across the U.S. and in approximately 35 other countries.

OCL is a provider of compliance training, licensure preparation, continuing education and professional development across the U.S. OCL programs are focused on banking and credit union compliance and regulatory training, and Mortgage Lending Officer certification exam preparation and continuing education.

EduPristine is a professional education provider in India in the areas of finance, accounting, analytics, marketing and healthcare.

Adtalem Brazil is based in São Paulo and is currently comprised of 13 institutions: Centro Universitário Unifanor ("UniFanor"), Centro Universitário UniFavip ("UniFavip"), Centro Universitário Boa Viagem ("UniFBV"), Centro Universitário Metrocamp ("UniMetrocamp"), Centro Universitário UniRuy ("UniRuy"), Faculdade ÁREA1 ("AREA1"), Faculdade Ideal ("Faci"), Faculdade Diferencial Integral ("Facid"), Faculdade de Imperatriz ("Facimp"), Faculdade Martha Falcão ("FMF"), Grupo Ibmec Educacional S.A. ("Ibmec"), Damásio Educacional ("Damasio"), and São Judas Tadeu ("SJT"). These schools operate 17 locations located in 11 States in Northeast, North and Southeast Brazil. Adtalem Brazil also operates over 180 distance learning centers throughout Brazil under Damasio's franchise agreements. Adtalem Brazil's institutions offer undergraduate and graduate programs mainly focused in business, engineering, healthcare, law, management, medical and technology. In addition, Damasio offers legal bar exam review courses.

NOTE 2: DISCONTINUED OPERATIONS

On December 4, 2018, Adtalem completed the sale of Carrington to San Joaquin Valley College, Inc. ("SJVC") for de minimis consideration. Adtalem has retained certain leases associated with the Carrington operations. Adtalem remains the primary lessee on these leases and subleases to Carrington. Adtalem records the proceeds from these subleases as an offset to operating costs. Adtalem also assigned certain leases to Carrington but remains contingently liable under these leases. Adtalem recorded a pre-tax loss of $11.3 million on the sale of Carrington and transferred $9.9 million of cash and restricted cash balances in fiscal year 2019, subject to post-closing adjustments to be completed in fiscal year 2020.

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell Education, LLC ("Cogswell") for de minimis consideration. The purchase agreement includes an earn-out entitling Adtalem to payments of up to $20 million over a ten-year period payable based on DeVry University's free cash flow. In connection with the closing of the sale, Adtalem loaned to DeVry University $10 million under the terms of the promissory note, dated as of December 11, 2018 (the "Note"). The Note bears interest at a rate of 4% per annum, payable annually in arrears and has a maturity date of January 1, 2022. DeVry University may make prepayments on the loan. This loan is presented as Other Assets, Net on the Consolidated Balance Sheet. Adtalem has retained certain leases associated with DeVry University operations. Adtalem remains the primary lessee on these leases and subleases to DeVry University. In addition, Adtalem owns the buildings for certain DeVry University operating and administrative office locations and leases space to DeVry University under one-year operating leases, renewable annually at DeVry University's option. Adtalem records the proceeds from these leases and subleases as an offset to operating costs. Adtalem also assigned certain leases to DeVry University but remains contingently liable under these leases. Adtalem recorded a pre-tax loss of $22.3 million on the sale of DeVry University and transferred $40.2 million of cash and restricted cash balances in fiscal year 2019.

The following is a summary of balance sheet information of assets and liabilities reported as held for sale (in thousands).

	June 30,	
	2019	2018
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ —	$ 1
Restricted Cash	—	13,404
Accounts Receivable, Net	—	25,294
Prepaid Expenses and Other Current Assets	—	8,433
Total Current Assets Held for Sale	—	47,132
Noncurrent Assets:		
Perkins Program Fund, Net	—	13,450
Total Noncurrent Assets Held for Sale	—	13,450
Total Assets Held for Sale	$ —	$ 60,582
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$ —	$ 24,312
Accrued Salaries, Wages and Benefits	—	13,979
Accrued Liabilities	—	1,514
Deferred Revenue	—	16,634
Total Current Liabilities Held for Sale	—	56,439
Noncurrent Liabilities:		
Deferred Income Taxes	—	216
Total Noncurrent Liabilities Held for Sale	—	216
Total Liabilities Held for Sale	$ —	$ 56,655

The following is a summary of income statement information of operations reported as discontinued operations (in thousands).

	Year Ended June 30,		
	2019	2018	2017
REVENUE	$ 195,716	$ 484,268	$ 601,891
OPERATING COST AND EXPENSE:			
Cost of Educational Services	109,416	271,357	323,949
Student Services and Administrative Expense	101,447	222,323	249,109
Restructuring (Gain) Expense	(2,470)	18,507	16,852
Asset Impairment Charge - Intangible and Goodwill	—	44,041	—
Asset Impairment Charge - Building and Equipment	1,953	51,972	—
Loss on Sale of Assets	—	230	—
Regulatory Settlements	—	—	4,102
Loss on Assets Held for Sale	—	—	4,764
Total Operating Cost and Expense	210,346	608,430	598,776
Operating (Loss) Income from Discontinued Operations	(14,630)	(124,162)	3,115
Interest Income	—	—	20
(Loss) Income from Discontinued Operations Before Income Taxes	(14,630)	(124,162)	3,135
Loss on Disposal of Discontinued Operations Before Income Taxes	(33,604)	—	—
Income Tax Benefit (Provision)	7,791	44,016	(826)
(Loss) Income from Discontinued Operations	$ (40,443)	$ (80,146)	$ 2,309

NOTE 3: REGULATORY SETTLEMENTS

In the second quarter of fiscal year 2017, Adtalem, DeVry University Inc., and DeVry/New York Inc. (collectively, the “Adtalem Parties”) and the Federal Trade Commission (“FTC”) agreed to a Stipulation as to Entry of an Order for Permanent Injunction and Monetary Judgment (the “Agreement”) resolving litigation brought by the FTC regarding DeVry University’s use of employment statistics in former advertising. Under the terms of the Agreement, the Adtalem Parties agreed to pay $49.4 million to be distributed at the sole discretion of the FTC, to forgive $30.4 million of institutional loans issued before September 30, 2015, and to forgive outstanding DeVry University accounts receivable balances by $20.2 million for former students. In addition, the Adtalem Parties agreed that Adtalem institutions marketing to U.S. consumers will maintain specific substantiation to support any future advertising regarding graduate outcomes and educational benefits, and will implement training and other agreed-upon compliance measures. Adtalem chose to settle the FTC litigation after filing an answer denying all allegations of wrongdoing.

In the second quarter of fiscal year 2017, Adtalem also recorded charges related to the resolution of an inquiry made by the Office of the Attorney General of the State of New York (“NYAG”) to the Adtalem Parties regarding DeVry University’s use of employment and salary statistics in former advertising. The Adtalem Parties chose to resolve the NYAG inquiry by entering into an Assurance of Discontinuance (the “Assurance”) with the NYAG on January 27, 2017, without admitting or denying the allegations therein. Pursuant to the Assurance, the Adtalem Parties agreed to pay $2.25 million for consumer restitution and $0.5 million in penalties, fees and costs. In addition, the Adtalem Parties agreed that Adtalem institutions marketing to New York consumers will maintain specific substantiation and present certain statistics as prescribed to support any future advertising regarding graduate outcomes and educational benefits, and will implement other agreed-upon compliance measures.

Student services and access to federal student loans are not impacted by the Agreement or the Assurance and at no time has the academic quality of a DeVry University education been questioned.

The regulatory settlements expense of $56.3 million recorded during the year ended June 30, 2017 consists of the $49.4 million cash payment to the FTC, $4.1 million of expensed institutional loans and the $2.75 million cash payment to the NYAG. Of these regulatory settlement charges, $4.1 million is recorded within discontinued operations and $52.2 million was allocated to the Adtalem home office which is classified as “Home Office and Other” in “Note 16: Segment Information.”

Additionally, in the second quarter of fiscal year 2017, DeVry University reached a settlement agreement (the “Settlement Agreement”) with the U.S. Department of Education (“ED”) regarding its January 27, 2016 Notice of Intent to Limit (“Notice”). The Notice related narrowly to a specific graduate employment statistic previously used by DeVry University, calculated since 1975. The Settlement Agreement includes, among other things, DeVry University’s agreement to no longer use the statistic in question or to make any other representations regarding the graduate employment outcomes of DeVry University graduates from 1975 to October 1980. DeVry University will also refrain from making any future graduate employment representations without possessing graduate-specific information, and, for five years after the effective date of the settlement, to post a letter of credit with ED equal to 10% of DeVry University’s annual Title IV disbursement. A $68.4 million letter of credit was posted in the second quarter of fiscal year 2017 in relation to this requirement. Adtalem continues to post this letter of credit on behalf of DeVry University. Also, as a result of the Settlement Agreement, DeVry University's participation in Title IV programs is under provisional certification. The Settlement Agreement in no way hinders DeVry University's ability to serve current or future students. DeVry University resolved the Notice in full cooperation with ED. The Settlement Agreement allows DeVry University to continue communicating its strong student outcomes, while providing assurances regarding the extent of its graduate employment data.

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Adtalem and its wholly-owned and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Where our ownership interest is less than 100%, but greater than 50%, the noncontrolling ownership interest is reported on our Consolidated Balance Sheets. The noncontrolling ownership interest earnings portion is classified as "Net Income Attributable to Noncontrolling Interest" in our Consolidated Statements of Income. Unless indicated, or the context requires otherwise, references to years refer to Adtalem's fiscal years.

Equity/Cost Method Investment

The equity method of accounting is used for an investment where we have the ability to influence the operating and financial decisions of the investee but do not possess more than a 50% ownership interest. Generally, this occurs when the ownership interest is greater than 20%. The investment is initially recorded at cost and classified as Other Assets, Net on the Consolidated Balance Sheets. The carrying amount of the investment is adjusted in subsequent periods for Adtalem's share of the earnings or losses of the investee, which is recorded in the Consolidated Statements of Income as Equity Method Investment Loss.

The cost method of accounting is used for an investment where we do not have the ability to influence the operating and financial decisions of the investee. Generally, this occurs when the ownership interest is less than 20%. The investment is recorded at cost and classified as Other Assets, Net on the Consolidated Balance Sheets. During fiscal year 2018, Adtalem invested $5.0 million for a 3.68% equity interest (on a fully-diluted basis) in Singularity University ("SU") and the investment is recorded using the cost method of accounting.

Cash and Cash Equivalents

Cash and cash equivalents can include time deposits, high-grade commercial paper, money market funds and bankers acceptances with original maturities of three months or less. Short-term investment objectives are to minimize risk and maintain liquidity. These investments are stated at cost (which approximates fair value) because of their short duration or liquid nature. Adtalem places its cash and temporary cash investments with high credit quality institutions. Cash and cash equivalent balances in U.S. bank accounts are generally in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash and cash equivalent balances in Brazilian bank accounts are generally in excess of the deposit insurance limits for Brazilian banks. Adtalem has not experienced any losses on its cash and cash equivalents.

Management periodically evaluates the creditworthiness of the security issuers and financial institutions with which it invests and maintains deposit accounts.

Investments in Marketable Securities

Adtalem owns investments in marketable securities that have been designated as "available-for-sale" in accordance with authoritative guidance. Available-for-sale securities are carried at fair value with the unrealized gains and losses reported in the Consolidated Balance Sheets as a component of Accumulated Other Comprehensive Loss for fiscal year 2018. With the adoption of Accounting Standards Update ("ASU") No. 2016-01 effective July 1, 2018, unrealized gains and losses related to available-for sale equity investments are recorded through net income in the Consolidated Statements of Income rather than as a component of Accumulated Other Comprehensive Income (Loss).

Marketable securities and investments consist of investments in mutual funds, which are classified as available-for-sale securities. The following is a summary of our available-for-sale marketable securities at June 30, 2019 (in thousands):

		Gross Unrealized		
	Cost	(Loss)	Gain	Fair Value
Marketable Securities:				
Bond Mutual Fund	$ 2,099	$ —	$ 130	$ 2,229
Stock Mutual Funds	5,749	—	702	6,451
Total Marketable Securities	$ 7,848	$ —	$ 832	$ 8,680

The following is a summary of our available-for-sale marketable securities at June 30, 2018 (in thousands):

		Gross Unrealized		
	Cost	(Loss)	Gain	Fair Value
Marketable Securities:				
Bond Mutual Fund	$ 1,137	$ —	$ 32	$ 1,169
Stock Mutual Funds	2,581	—	505	3,086
Total Marketable Securities	$ 3,718	$ —	$ 537	$ 4,255

Investments are classified as short-term if they are readily convertible to cash or have other characteristics of short-term investments such as highly liquid markets or maturities within one year. All mutual fund investments are recorded at fair market value based upon quoted market prices. At June 30, 2019 and 2018, all of the bond and stock mutual fund investments are held in a rabbi trust for the purpose of paying benefits under Adtalem's non-qualified deferred compensation plan.

Realized gains and losses are computed on the basis of specific identification and are included in Investment Loss in the Consolidated Statements of Income. See "Note 6: Fair Value Measurements" for further disclosures on the Fair Value of Financial Instruments.

Financial Aid and Restricted Cash

A significant portion of cash is received from students who participate in government financial aid and assistance programs which are subject to political and governmental budgetary considerations. There is no assurance that such funding will be maintained at current levels. Extensive and complex regulations in the U.S. and Brazil govern all of the government financial assistance programs in which students participate. Administration of these programs is periodically reviewed by various regulatory agencies. Any regulatory violation could be the basis for disciplinary action, which could include the suspension, limitation or termination from such financial aid programs.

Restricted cash represents amounts received from federal and state governments under various student aid grant and loan programs and such restricted funds are held in separate bank accounts. Once the financial aid authorization and disbursement process for the student has been completed, the funds are transferred to unrestricted accounts, and these funds then become available for use in Adtalem's operations. This authorization and disbursement process that precedes the transfer of funds generally occurs within the period of the academic term for which such funds were authorized.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers (students and members), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

The following tables disaggregate revenue by source (in thousands):

	Year Ended June 30, 2019				
	Medical and Healthcare	Financial Services	Business and Law	Home Office and Other	Consolidated
Higher Education	$ 835,908	$ —	$ 211,883	$ —	$ 1,047,791
Test Preparation	—	87,527	13,961	(3,229)	98,259
Certifications	—	33,549	—	—	33,549
Conferences/Seminars	—	28,690	—	—	28,690
Memberships/Subscriptions	—	16,574	—	—	16,574
Other	13,953	871	—	—	14,824
Total	$ 849,861	$ 167,211	$ 225,844	$ (3,229)	$ 1,239,687

	Year Ended June 30, 2018				
	Medical and Healthcare	Financial Services	Business and Law	Home Office and Other	Consolidated
Higher Education	$ 815,674	$ —	$ 249,608	$ —	$ 1,065,282
Test Preparation	—	82,825	21,326	(2,592)	101,559
Certifications	—	27,653	—	—	27,653
Conferences/Seminars	—	21,997	—	—	21,997
Memberships/Subscriptions	—	13,728	—	—	13,728
Other	—	992	—	—	992
Total	$ 815,674	$ 147,195	$ 270,934	$ (2,592)	$ 1,231,211

In addition, see “Note 16: Segment Information” for a disaggregation of revenue by geographical region.

Performance Obligations and Revenue Recognition

Higher Education: Higher education revenue consists of tuition, fees, books and other educational products. The majority of revenue is derived from tuition and fees, which is recognized on a straight-line basis over the term as instruction is delivered. Books and other educational product revenue is recognized when products are shipped or students receive access to electronic materials. Under certain circumstances, we report revenue from these transactions on a net basis because our performance obligation is to facilitate a transaction between the student and a vendor.

Test Preparation: Test preparation revenue consists of test preparation course instruction and self-study materials sales. Becker test preparation revenue is recognized when access to the course materials is delivered to the customer. Adtalem Brazil and EduPristine test preparation course instruction revenue is recognized on a straight-line basis over the applicable instruction delivery periods.

Certifications: Certification revenue consists of exam preparation guides, seminars, exam sitting fees and recertification fees. We recognize revenue for each of these items at a point in time when the applicable performance obligation is satisfied.

Conferences/Seminars: Conference revenue consists of revenue from attendees, sponsors and exhibitors. We recognize revenue for all items related to conferences at the time of the conference. Seminar revenue consists of seminars delivered in live, live-online, or on-demand online formats. We recognize revenue for live and live-online seminars on the day of the seminar. On-demand online seminars, in which customers have access to a webcast of a seminar, are recognized on the day the customer places the order.

Memberships/Subscriptions: Membership revenue is recognized on a straight-line basis over the membership period. Subscription revenue is recognized on a straight-line basis over the subscription period.

Other: Other revenue consists of housing and other miscellaneous services. Other revenue is recognized over the period in which the applicable performance obligation is satisfied.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. For higher education students, arrangements for payment are agreed to prior to registration of the student’s first academic term. The majority of U.S. students obtain Title IV or other financial aid resulting in institutions receiving a significant amount of the transaction price at the beginning of the academic term. Students utilizing private funding or funding through Adtalem’s institutional loan program (see “Note 7: Financing Receivables” for further discussion) generally pay during or after the academic term is complete. For non-higher education customers, payment is typically due and collected at the time a customer places an order.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services.

For higher education, students may receive discounts, scholarships or refunds, which gives rise to variable consideration. The amounts of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard tuition rate charged. Upon withdrawal, a student may be eligible to receive a refund, or partial refund, the amount of which is dependent on the timing of the withdrawal during the academic term. If a student withdraws prior to completing an academic term, federal and state regulations and accreditation criteria permit Adtalem to retain only a set percentage of the total tuition received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by Adtalem in excess of such set percentages of tuition are refunded to the student or the appropriate funding source. For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of Adtalem's expected refunds are determined at the outset of each academic term, based upon actual refunds in previous academic terms. Reserves related to refunds are presented as refund liabilities within Accrued Liabilities on the Consolidated Balance Sheets. All refunds are netted against revenue during the applicable academic term.

Management reassesses collectability throughout the period revenue is recognized by the Adtalem institutions, on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid tuition charges. Such unpaid charges do not meet the threshold of reasonably collectible and are recognized as revenue on a cash basis.

For test preparation and other Financial Services products, the transaction price is equal to the amount charged to the customer, which is the standard rate, less any discounts and an estimate for returns or refunds.

We believe it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with the variable consideration is subsequently resolved. Therefore, the estimate of variable consideration is not constrained.

Contract Balances

For higher education institutions, students are billed at the beginning of each academic term and payment is due at that time. Adtalem's performance obligation is to provide educational services in the form of instruction during the academic term. As instruction is provided, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective academic term. For students utilizing Adtalem's institutional loan program (see "Note 7: Financing Receivables"), payments are generally received after the academic term, and the corresponding performance obligation, is complete. When payments are received, accounts receivable is reduced.

For our Financial Services businesses, customers are billed and payment is due at the time of order placement. In most cases, performance obligations are delivered subsequent to payments received. Delivering our performance obligations reduces deferred revenue, and accounts receivable is reduced upon payments received. Becker offers an 18-month term loan program as a financing option for the Becker CPA Exam Review Course (see "Note 7: Financing Receivables"). In this case, payment is received after satisfying the performance obligation.

Revenue of $103.9 million was recognized during fiscal year 2019 that was included in the deferred revenue balance at the beginning of fiscal year 2019. Revenue recognized from performance obligations that were satisfied, or partially satisfied, in prior periods was not material.

The difference between the opening and closing balances of deferred revenue includes decreases from revenue recognized during the period and increases from charges and payments received related to the start of academic terms beginning during the period.

Allowance for bad debts as of June 30, 2019 and 2018 was $23.7 million and $27.6 million, respectively.

Practical Expedients

As our performance obligations have an original expected duration of one year or less, we have applied the practical expedient (as provided in ASC 606-10-50-14) to not disclose the information in ASC 606-10-50-13, which requires disclosure of the amount of the transaction price allocated to our performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and when the entity expects to recognize this amount as revenue. All consideration from contracts with customers is included in the transaction price.

Internal-Use Software Development Costs

Adtalem capitalizes certain internal-use software development costs that are amortized using the straight-line method over the estimated lives of the software, not to exceed seven years. Capitalized costs include external direct costs of equipment, materials and services consumed in developing or obtaining internal-use software and payroll-related costs for employees directly associated with the internal-use software development project. Capitalization of such costs ceases at the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software development costs for projects not yet complete are included as Construction in Progress in the Land, Building and Equipment section of the Consolidated Balance Sheets. As of June 30, 2019 and 2018, the net balance of capitalized internal-use software development costs was $10.6 million and $13.5 million, respectively.

Land, Building and Equipment

Land, Building and Equipment, including both purchased and internal-use software development costs, are recorded at cost. Cost also includes additions and those improvements that enhance performance, increase the capacity or lengthen the useful lives of the assets. Repairs and maintenance costs are expensed as incurred. Upon sale or retirement of an asset, the accounts are relieved of the cost and the related accumulated depreciation, with any resulting profit or loss included in income in the period incurred. Assets under construction are reflected in Construction in Progress until they are placed into service for their intended use. Interest is capitalized as a component of cost on major projects during the construction period.

Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful life of the asset, whichever is shorter. Leased property meeting certain criteria is capitalized, and the present value of the related lease payments is recorded as a liability. Amortization of capitalized leased assets is computed on the straight-line method over the term of the lease or the life of the related asset, whichever is shorter.

Depreciation is computed using the straight-line method over estimated service lives. These lives range from 5 to 40 years for buildings and leasehold improvements, and from 3 to 8 years for computers, furniture and equipment.

Business Combinations, Intangible Assets and Goodwill

Intangible assets relate mainly to acquired business operations (see “Note 9: Business Combinations”). These assets consist of the fair value of certain identifiable assets acquired. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired.

In accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), goodwill and indefinite-lived intangibles arising from a business combination are not amortized and charged to expense over time. Instead, goodwill and indefinite-lived intangibles must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. This impairment review was most recently completed as of May 31, 2019. For goodwill, if the carrying amount of the reporting unit containing the goodwill exceeds the fair value of that reporting unit, an impairment loss is recognized to the extent the fair value of the reporting unit goodwill is less than the carrying amount of the goodwill, up to the amount of goodwill recorded.

For indefinite-lived intangible assets, if the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to that excess. See “Note 10: Intangible Assets” for results of Adtalem’s required impairment analysis of its intangible assets and goodwill.

Intangible assets with finite lives are amortized over their expected economic lives. These lives range from 1 to 18 years. Amortization of all intangible assets and certain goodwill is being deducted for tax reporting purposes over statutory lives.

Impairment of Long-Lived Assets

Adtalem evaluates the carrying amount of its significant long-lived assets whenever changes in circumstances or events indicate that the value of such assets may not be fully recoverable. Events that may trigger an impairment analysis could include a decision by management to exit a market or a line of business or to consolidate operating locations. During the year ended June 30, 2019, we recorded impairment charges of $2.0 million to write-down building, building improvements, furniture and equipment to zero based on the fair market value of the DeVry University and Carrington operations, which are classified within discontinued operations. During the first quarter of fiscal year 2018, the campuses of AUC and RUSM were damaged from Hurricanes Irma and Maria, respectively. Hurricane-related impairment charges of $31.0 were recorded in fiscal year 2018 for building, building improvements, furniture and equipment, along with receivables for insurance reimbursements of these amounts, less deductibles, of $21.9 million as of June 30, 2018. The impairment charges are included in Cost of Educational Services in the Consolidated Statements of Income. In the first quarter of fiscal year 2019, Adtalem announced its decision to relocated RUSM’s campus operations to Barbados and not return to RUSM’s Dominica campus. Adtalem recorded impairment charges of $39.1 million in fiscal year 2019 to fully impair the land, buildings and equipment in Dominica as management has determined the market value less the costs to sell the facilities or move the equipment is zero (see “Note 11: Restructuring Charges”). The impairment charges are included in Restructuring Expense in the Consolidated Statements of Income. For a discussion of the impairment review of goodwill and intangible assets see “Note 10: Intangible Assets.”

Fair Value of Financial Instruments

The carrying amounts reported in the Consolidated Balance Sheets for Cash and Cash Equivalents, Investments in Marketable Securities (see “Note 6: Fair Value Measurements”), Restricted Cash, Accounts Receivable, Net, Accounts Payable, Accrued Liabilities and Deferred Revenue approximate fair value because of the immediate or short-term maturity of these financial instruments. Adtalem’s long-term debt (see “Note 13: Debt”) bears interest at a floating rate reset to current rates on a monthly basis. Therefore, the carrying amount of Adtalem’s long-term debt approximates fair value.

Foreign Currency Translation

The financial position and results of operations of the AUC, RUSM and RUSVM Caribbean operations are measured using the U.S. dollar as the functional currency. As such, there is no translation gain or loss associated with these operations. Adtalem Brazil’s and EduPristine’s operations and Becker’s and ACAMS’s international operations are measured using the local currency as the functional currency. Assets and liabilities of these entities are translated to U.S. dollars using exchange rates in effect at the balance sheet dates. Income and expense items are translated at monthly average exchange rates. The resulting translation adjustments are included in the component of Shareholders’ Equity designated as Accumulated Other Comprehensive Loss. Transaction gains or losses during each of the fiscal years ended June 30, 2019, 2018 and 2017 were not material.

Income Taxes

Adtalem accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Adtalem also recognizes future tax benefits associated with tax loss and credit carryforwards as deferred tax assets. Adtalem’s deferred tax assets are reduced by a valuation allowance, when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Adtalem measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which Adtalem expects to recover or settle the temporary differences. The effect of a change in tax rates on deferred taxes is recognized in the period that the change is enacted. Adtalem reduces its net tax assets for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions Adtalem has taken.

Four of Adtalem’s operating units benefit from local tax incentives: AUC, which operates in St. Maarten, RUSM, which operated in Dominica and beginning in January 2019 in Barbados, RUSVM, which operates in St. Kitts, and Adtalem Brazil, which operates in Brazil. AUC’s effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. With respect to Dominica, RUSM had an indefinite period of exemption. In January 2019, RUSM moved its operations from Dominica to Barbados. RUSM has negotiated an agreement with the Barbados government that exempts it from local income taxation until 2039. RUSVM has an exemption in St. Kitts until 2037. Adtalem Brazil’s effective tax rate reflects benefits derived from its participation in “*Programa Universidade para Todos*” or “University for All Programs” (“PROUNI”), a Brazilian program for providing scholarships to a portion of its undergraduate students.

As a result of the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), Adtalem revised its prior intent to indefinitely reinvest accumulated undistributed earnings and profits in foreign operations, and now only intends to maintain this assertion with respect to accumulated and future earnings in Brazil.

Noncontrolling Interest

As of June 30, 2019, Adtalem maintained a 97.9% ownership interest in Adtalem Brazil with the remaining 2.1% owned by members of the Adtalem Brazil senior management group. Since July 1, 2015, Adtalem has had the right to exercise a call option and purchase any remaining Adtalem Brazil stock from Adtalem Brazil management. Likewise, Adtalem Brazil management has had the right to exercise a put option and sell its remaining ownership interest in Adtalem Brazil to Adtalem. On July 1, 2019, the Adtalem Brazil management noncontrolling members exercised their put option and sold their remaining ownership interest in Adtalem Brazil to Adtalem. In the first quarter of fiscal year 2020, $6.2 million of noncontrolling interest will be removed from the Consolidated Balance Sheet as a result of the put option exercise and Adtalem will own 100% of Adtalem Brazil.

In addition, Adtalem currently maintains a 69% ownership interest in EduPristine with the remaining 31% owned by Kaizen Management Advisors (“Kaizen”), an India-based private equity firm.

The adjustment to increase or decrease the Adtalem Brazil and EduPristine noncontrolling interests for their respective proportionate shares of Adtalem Brazil's and EduPristine's profit (loss) flows through the Consolidated Statements of Income each reporting period based on Adtalem's noncontrolling interest accounting policy.

Beginning on March 26, 2020, Adtalem will have the right to exercise a call option and purchase any remaining EduPristine stock from Kaizen. Likewise, Kaizen will have the right to exercise a put option and sell up to 33% of its remaining ownership interest in EduPristine to Adtalem. Beginning on March 26, 2022, Kaizen will have the right to exercise a put option and sell its remaining ownership interest in EduPristine to Adtalem.

Since the put options are out of the control of Adtalem, authoritative guidance requires the noncontrolling interests, which includes the value of the put options, to be displayed outside of the equity section of the Consolidated Balance Sheets.

The Adtalem Brazil management and Kaizen put options are being accreted to their respective redemption values in accordance with the terms of the related stock purchase agreements. The adjustments to increase or decrease the put options to their expected redemption values each reporting period are recorded in retained earnings in accordance with GAAP.

The following is a reconciliation of the noncontrolling interest balance (in thousands):

	Year Ended June 30,	
	2019	**2018**
Balance at Beginning of Period	$ 9,110	$ 6,285
Net Income Attributable to Noncontrolling Interest	413	528
Increase (Decrease) in Redemption Value of Noncontrolling Interest Put Options	20	(1,872)
Acquisition of Noncontrolling Interest in EduPristine	—	4,074
Capital Investment from Noncontrolling Interest in EduPristine	—	95
Balance at End of Period	$ 9,543	$ 9,110

Earnings per Common Share

Basic earnings per share is computed by dividing net income or loss attributable to Adtalem by the weighted average number of common shares outstanding during the period plus unvested participating restricted stock units ("RSUs"). Diluted earnings per share is computed by dividing net income or loss attributable to Adtalem by the weighted average number of shares assuming dilution. Diluted shares are computed using the Treasury Stock Method and reflect the additional shares that would be outstanding if dilutive stock-based grants were exercised during the period. Excluded from the computations of diluted earnings per share were outstanding stock-based grants representing 215,000, 980,000 and 1,682,000 shares of common stock for fiscal years 2019, 2018 and 2017, respectively. These outstanding stock-based grants were excluded because the exercise prices were greater than the average market price of the common shares or the assumed proceeds upon exercise under the Treasury Stock Method resulted in the repurchase of more shares than would be issued; thus, their effect would be anti-dilutive.

The following is a reconciliation of basic shares to diluted shares (in thousands):

	June 30,		
	2019	**2018**	**2017**
Weighted Average Shares Outstanding	58,017	60,760	62,656
Unvested Participating RSUs	523	702	843
Basic Shares	58,540	61,462	63,499
Effect of Dilutive Stock Options	790	818	520
Diluted Shares	59,330	62,280	64,019

Treasury Stock

Adtalem's Board of Directors (the "Board") has authorized share repurchase programs on eleven occasions (see "Note 8: Dividends and Share Repurchase Programs"). The eleventh share repurchase program was approved on November 7, 2018 and commenced in January 2019. Shares that are repurchased by Adtalem are recorded as Treasury Stock at cost and result in a reduction of Shareholders' Equity.

From time to time, shares of our common stock are delivered back to Adtalem under a swap arrangement resulting from employees' exercise of incentive stock options pursuant to the terms of the Adtalem Stock Incentive Plans (see "Note 5: Stock-Based Compensation"). In addition, shares of our common stock are delivered back to Adtalem for payment of withholding taxes from employees for vesting RSUs. These shares are recorded as Treasury Stock at cost and result in a reduction of Shareholders' Equity.

Prior to March 2019, treasury shares were reissued on a monthly basis, at market value, less a 5% discount, to the Adtalem Colleague Stock Purchase Plan in exchange for employee payroll deductions. When treasury shares are reissued, Adtalem uses an average cost method to reduce the Treasury Stock balance. Gains on the difference between the average cost and the reissuance price are credited to Additional Paid-in Capital. Losses on the difference are charged to Additional Paid-in Capital to the extent that previous net gains from reissuance are included therein, otherwise such losses are charged to Retained Earnings.

Stock-Based Compensation

Stock-based compensation expense is measured at the grant date based on the fair value of the award. Adtalem accounts for stock-based compensation granted to retirement eligible employees that fully vests upon an employee's retirement under the non-substantive vesting period approach. Under this approach, the entire stock-based compensation expense is recognized at the grant date for stock-based grants issued to retirement eligible employees. For non-retirement eligible employees, stock-based compensation expense is recognized as expense over the employee requisite service period. We account for forfeitures of outstanding but unvested grants in the period they occur. If factors change and different assumptions are employed in the valuation of stock-based grants in future periods, the stock-based compensation expense that Adtalem records may differ significantly from what was recorded in previous periods.

The fair value of share-based awards, including those with performance conditions, are measured as of the grant date. The fair value of Adtalem's stock option awards was estimated using a binomial model. This model uses historical cancellation and exercise experience of Adtalem to determine the option value. It also takes into account the illiquid nature of employee options during the vesting period. Share-based compensation expense is amortized for the estimated number of shares expected to vest. The estimated number of shares that will vest is based on management's determination of the probable outcome of the performance conditions, which may require considerable judgment. Adtalem records a cumulative adjustment to share-based compensation expense in periods when the estimate of the number of shares expected to vest changes. Expense is recognized to reflect the actual vested shares following the resolution of the performance conditions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expense reported during the period. Actual results could differ from those estimates.

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss is composed of the change in cumulative translation adjustment, primarily at Adtalem Brazil, and unrealized gains on available-for-sale marketable securities, net of the effects of income taxes.

The Accumulated Other Comprehensive Loss balance at June 30, 2019 consists of $137.4 million of cumulative translation losses ($134.3 million attributable to Adtalem and $3.1 million attributable to noncontrolling interest) and $0.1 million of unrealized gains on available-for-sale marketable securities, net of tax of $0.0 million and all attributable to Adtalem. At June 30, 2018, this balance consisted of $142.6 million of cumulative translation losses ($139.6 million attributable to Adtalem and $3.0 million attributable to noncontrolling interest) and $0.4 million of unrealized gains on available-for-sale marketable securities, net of tax of $0.1 million and all attributable to Adtalem.

Advertising Expense

Advertising costs are recognized as expense in the period in which materials are purchased or services are performed. Advertising expense, which is included in Student Services and Administrative Expense in the Consolidated Statements of Income, was $85.6 million, $80.5 million and $75.6 million for the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

Hurricane Expense

In September 2017, Hurricanes Irma and Maria caused damage and disrupted operations at AUC and RUSM. Adtalem recorded expense of $12.5 million in the year ended June 30, 2019 associated with incremental costs of teaching at alternative sites and $63.3 million in fiscal year 2018 associated with the evacuation process, temporary housing and transportation of students, faculty and staff, and incremental additional costs of teaching in alternate locations. Insurance proceeds of $12.5 million were recorded in the year ended June 30, 2019, and insurance proceeds and receivables of $59.0 million were recorded in the year ended June 30, 2018 to offset these expenses. Based upon damage assessments of the AUC and RUSM facilities, impairment write-downs of buildings, building improvements, furniture and equipment of $31.0 million were recorded in the year ended June 30, 2018. Insurance receivables of $21.9 million were recorded to offset these expenses in the year ended June 30, 2018. No further asset impairments were recorded in the year ended June 30, 2019. In total, no net expense related to the hurricanes was recorded in the year ended June 30, 2019. In total, $13.4 million of net expense was recorded in Cost of Educational Services in the Consolidated Statement of Income for the year ended June 30, 2018. The expense primarily represented the deductibles under insurance policies. During the second quarter of fiscal year 2019, Adtalem received the final insurance proceeds for damages from Hurricanes Irma and Maria and recorded a pre-tax gain of $15.6 million in the year ended June 30, 2019.

Settlement Gains

Adtalem recorded a $10.6 million gain in the fourth quarter of fiscal year 2019 related to a lawsuit settlement against the Adtalem Board of Directors. Settlement gains in the Consolidated Statements of Income were $26.2 million for the year ended June 30, 2019, which includes the hurricane insurance settlement of $15.6 million discussed above.

Restructuring Charges

Adtalem's financial statements include charges related to severance and related benefits for workforce reductions in staff. These charges also include early lease termination or cease-of-use costs, accelerated depreciation and losses on disposals of property and equipment related to campus and administrative office consolidations (see "Note 11: Restructuring Charges"). When estimating the costs of exiting lease space, estimates are made which could differ materially from actual results and result in additional restructuring charges or reversals in future periods.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13: "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance was issued to provide financial statement users with more decision-useful information about the expected losses on financial instruments by replacing the incurred loss impairment methodology with a methodology that reflects expected credit losses by requiring a broader range of reasonable and supportable information to inform credit loss estimates. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Management is evaluating the impact the guidance will have on Adtalem's Consolidated Financial Statements.

In February 2016, FASB issued ASU No. 2016-02: "Leases (Topic 842)." This guidance was issued to increase transparency and comparability among organizations by recognizing right-to-use assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Adtalem will implement this guidance effective July 1, 2019. We have elected the optional transition method to apply the standard as of the effective date and therefore, we will not apply the standard to the comparative periods presented in our financial statements. We will elect the transition package of three practical expedients permitted within the standard, which eliminates the requirements to reassess prior conclusions about lease identification, lease classification, and initial direct costs. We will not elect the hindsight practical expedient, which permits the use of hindsight when determining lease term and impairment of right-of-use assets. Further, we will elect a short-term lease exemption policy, permitting us to not apply the recognition requirements of this standard to short-term (i.e. leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component. The adoption of ASU 2016-02 will have a significant impact on our Consolidated Balance Sheet. We expect to record operating lease liabilities of approximately $325 million to $350 million, operating right-of-use assets of approximately $275 million to $300 million, a reduction in prepaid rent expense of approximately $3 million, a reduction in deferred rent liability balances of approximately $32 million and a reduction in restructure liability balances of approximately $25 million. We do not expect a material impact on our Consolidated Statement of Income or our Consolidated Statement of Cash Flows.

In January 2016, FASB issued ASU No. 2016-01: "Financial Instruments–Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." This guidance was issued to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The guidance eliminates the classification of equity securities into different categories (that is, trading or available-for-sale) and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. In the first quarter of fiscal year 2019, we retrospectively adopted this guidance. The adoption resulted in a cumulative adjustment to decrease retained earnings and increase additional paid-in capital, each by $0.4 million. This guidance requires Adtalem to record the changes in the fair value of its available-for-sale equity investments through net income, which is included within the Consolidated Statements of Income beginning with the first quarter of fiscal year 2019.

In May 2014, FASB issued ASU No. 2014-09: "Revenue from Contracts with Customers (Topic 606)." This guidance was issued to clarify the principles for recognizing revenue and develop a common revenue standard for GAAP and International Financial

Reporting Standards (“IFRS”). The guidance is effective for the fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. We adopted this guidance effective July 1, 2018 using the full retrospective approach. The adoption of this standard did not have any impact on Adtalem's Consolidated Financial Statements, and therefore, no adjustments were made to the prior year comparative financial statements. See subsection “Revenue Recognition” in “Note 4: Summary of Significant Accounting Policies” for the disclosures related to this new accounting standard.

Reclassifications

We have reclassified certain amounts in the operating section of the Consolidated Statement of Cash Flows to conform to current period classification.

NOTE 5: STOCK-BASED COMPENSATION

Adtalem maintains two stock-based incentive plans: the Amended and Restated Incentive Plan of 2005 and the Fourth Amended and Restated Incentive Plan of 2013. Under these plans, directors, key executives and managerial employees are eligible to receive incentive stock or nonqualified options to purchase shares of Adtalem’s common stock. The Fourth Amended and Restated Incentive Plan of 2013 and the Amended and Restated Incentive Plan of 2005 also permit the granting of stock appreciation rights, RSUs, performance based RSUs and other stock and cash-based compensation. Although options remain outstanding under the 2005 incentive plan, no further stock-based grants will be issued under this plan. The Fourth Amended and Restated Incentive Plan of 2013 and the Amended and Restated Incentive Plan of 2005 are administered by the Compensation Committee of the Board. Options are granted for terms of up to ten years and can vest immediately or over periods of up to five years. The requisite service period is equal to the vesting period. The option price under the plans is the fair market value of the shares on the date of the grant.

Stock-based compensation expense is measured at the grant date based on the fair value of the award. Adtalem accounts for stock-based compensation granted to retirement eligible employees that fully vests upon an employee’s retirement under the non-substantive vesting period approach. Under this approach, the entire stock-based compensation expense is recognized at the grant date for stock-based grants issued to retirement eligible employees. For non-retirement eligible employees, stock-based compensation expense is recognized as expense over the employee requisite service period. We account for forfeitures of outstanding but unvested grants in the period they occur.

As of June 30, 2019, 7,102,656 authorized but unissued shares of common stock were reserved for issuance under Adtalem’s stock-based incentive plans.

The following is a summary of options activity for the year ended June 30, 2019:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2018	1,806,133	$ 32.88		
Granted	129,025	49.01		
Exercised	(412,544)	42.47		
Forfeited	(16,157)	39.49		
Expired	(17,979)	51.60		
Outstanding at June 30, 2019	1,488,478	31.33	6.63	$ 21,378
Exercisable at June 30, 2019	664,180	$ 30.32	5.06	$ 10,179

The total intrinsic value of options exercised for the fiscal years ended 2019, 2018 and 2017 was $4.4 million, $11.4 million and $6.2 million, respectively.

The fair value of Adtalem’s stock option awards was estimated using a binomial model. This model uses historical cancellation and exercise experience of Adtalem to determine the option value. It also takes into account the illiquid nature of employee options during the vesting period.

The weighted average estimated grant date fair value of options granted at market price under Adtalem's stock-based incentive plans during fiscal years 2019, 2018 and 2017 was $20.96, $14.63 and $9.09, per share, respectively. The fair value of Adtalem's stock option grants was estimated assuming the following weighted average assumptions:

	Fiscal Year		
	2019	**2018**	**2017**
Expected Life (in Years)	6.50	6.68	6.88
Expected Volatility	39.60 %	41.45 %	42.41 %
Risk-free Interest Rate	2.73 %	1.95 %	1.41 %
Dividend Yield	0.00 %	0.00 %	1.19 %
Pre-vesting Forfeiture Rate	NA	NA	10.00 %

The expected life of the options granted is based on the weighted average exercise life with age and salary adjustment factors from historical exercise behavior. Adtalem's expected volatility is computed by combining and weighting the implied market volatility, the most recent volatility over the expected life of the option grant and Adtalem's long-term historical volatility. On February 16, 2017, Adtalem discontinued payment of cash dividends, resulting in the elimination of a dividend yield from the assumptions. The pre-vesting stock option forfeiture rate for fiscal year 2017 was based on Adtalem's historical stock option forfeiture experience. With the adoption of ASU 2016-09 on July 1, 2017, we account for forfeitures as they occur. Therefore, no forfeiture rate applies for fiscal years 2018 and 2019.

If factors change and different assumptions are employed in the valuation of stock-based grants in future periods, the stock-based compensation expense that Adtalem records may differ significantly from what was recorded in previous periods.

During fiscal year 2019, Adtalem granted 217,960 RSUs to selected employees and directors. Of these, 65,160 are performance-based RSUs and 152,800 are non-performance-based RSUs. Performance-based RSUs are earned by the recipients over a three-year period based on achievement of certain mission-based goals, academic goals, return on invested capital and free cash flow per share. Certain awards are subject to achievement of a minimum level of Adtalem's earnings before interest, taxes, depreciation and amortization. Non-performance-based RSUs are subject to restrictions which lapse ratably over one, three or four-year periods on the grant anniversary date based on the recipient's continued service on the Board, employment with Adtalem or upon retirement. During the restriction period, the recipient of the non-performance-based RSUs has the right to receive dividend equivalents, if any. This right does not pertain to the performance-based RSUs. The following is a summary of RSU activity for the year ended June 30, 2019:

	Number of RSUs	**Weighted Average Grant Date Fair Value**
Outstanding at July 1, 2018	1,226,958	$ 28.31
Granted	217,960	49.57
Vested	(473,012)	27.66
Forfeited	(93,876)	34.47
Outstanding at June 30, 2019	878,030	$ 34.86

The weighted average estimated grant date fair value of RSUs granted at market price under Adtalem's stock-based incentive plans during fiscal years 2019, 2018 and 2017 was $49.57, $34.67 and $23.92, per share, respectively.

The following table shows total stock-based compensation expense included in the Consolidated Statements of Income (in thousands):

	Year Ended June 30,		
	2019	**2018**	**2017**
Cost of Educational Services	$ 1,239	$ 4,464	$ 5,312
Student Services and Administrative Expense	11,978	9,487	11,288
Restructuring Expense	—	548	—
	13,217	14,499	16,600
Income Tax Benefit	(4,685)	(5,829)	(5,819)
Net Stock-Based Compensation Expense	$ 8,532	$ 8,670	$ 10,781

As of June 30, 2019, $17.8 million of total pre-tax unrecognized stock-based compensation expense related to unvested grants is expected to be recognized over a weighted average period of 2.1 years. The total fair value of options and RSUs vested during the years ended June 30, 2019, 2018 and 2017 was approximately $14.9 million, $14.8 million and $13.9 million, respectively.

There was no capitalized stock-based compensation cost at each of June 30, 2019 and 2018.

Adtalem has an established practice of issuing new shares of common stock to satisfy stock-based grant exercises. However, Adtalem also may issue treasury shares to satisfy stock-based grant exercises under certain of its stock-based incentive plans.

NOTE 6: FAIR VALUE MEASUREMENTS

Adtalem has elected not to measure any assets or liabilities at fair value other than those required to be measured at fair value on a recurring basis. Assets measured at fair value on a nonrecurring basis include goodwill, intangible assets and assets of businesses where the long-term value of the operations have been impaired.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The guidance specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The guidance establishes fair value measurement classifications under the following hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

When available, Adtalem uses quoted market prices to determine fair value, and such measurements are classified within Level 1. In some cases where market prices are not available, Adtalem makes use of observable market-based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based parameters such as interest rates and yield curves. These measurements are classified within Level 3.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

Assets measured at fair value on a nonrecurring basis include goodwill and indefinite-lived intangibles arising from a business combination. These assets are not amortized and charged to expense over time. Instead, goodwill and indefinite-lived intangibles must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. This impairment review was most recently completed as of May 31, 2019. See "Note 10: Intangible Assets" for further discussion on the impairment review including valuation techniques and assumptions.

The following table presents Adtalem's assets and liabilities at June 30, 2019, that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 299,445	$ —	$ —
Investments in Marketable Securities	8,680	—	—
Institutional Loans Receivable, Net	—	41,648	—
Loan Receivable from DeVry University	—	10,000	—
Deferred Acquisition Obligations	—	16,444	—
Total Financial Assets at Fair Value	$ 308,125	$ 68,092	$ —

The following table presents Adtalem's assets and liabilities at June 30, 2018 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 430,690	$ —	$ —
Investments in Marketable Securities	4,255	—	—
Institutional Loans Receivable, Net	—	44,320	—
Deferred Acquisition Obligations	—	18,585	—
Total Financial Assets at Fair Value	$ 434,945	$ 62,905	$ —

Cash and Cash Equivalents and Investments in Marketable Securities are valued using a market approach based on quoted market prices of identical instruments.

The fair value of the institutional loans receivable included in Accounts Receivable, Net and Other Assets, Net on the Consolidated Balance Sheets as of June 30, 2019 and 2018 is estimated by discounting the future cash flows using current rates for similar arrangements. See “Note 7: Financing Receivables” for further discussion on these institutional loans receivable.

In connection with the completion of the sale of DeVry University, Adtalem loaned $10.0 million to DeVry University under the terms of the Note. The Note bears interest at a rate of 4% per annum, payable annually in arrears, and has a maturity date of January 1, 2022. The fair value of the DeVry University loan receivable included in Other Assets, Net on the Consolidated Balance Sheet as of June 30, 2019 is estimated by discounting the future cash flows using current rates for similar arrangements.

The fair value of the deferred acquisition obligations is estimated by discounting the future cash flows using current rates for similar arrangements. The amounts of $6.8 million and $4.3 million were classified as Accrued Liabilities on the Consolidated Balance Sheets as of June 30, 2019 and 2018, respectively, and $9.6 million and $14.3 million were classified as Other Liabilities on the Consolidated Balance Sheets as of June 30, 2019 and 2018, respectively.

As of June 30, 2019 and 2018, there were no assets or liabilities measured at fair value using Level 3 inputs.

NOTE 7: FINANCING RECEIVABLES

Adtalem’s institutional loan programs are available to students at Chamberlain, AUC, RUSM and RUSVM. These loan programs are designed to assist students who are unable to completely cover educational costs consisting of tuition, books and fees and are available only after all other student financial assistance has been applied toward those purposes. In addition, AUC, RUSM and RUSVM loans may be used for students’ living expenses. Repayment plans for institutional loan program balances are developed to address the financial circumstances of the particular student. Interest charges at rates from 3.0% to 12.0% per annum accrue each month on the unpaid balance. Students are required to begin repaying their loans while they are still in school with a minimum payment level designed to demonstrate their capability to repay, reduce the possibility of over borrowing and to minimize interest being accrued on the loan balance. Payments may increase upon completing or departing the program. After a student leaves school, the student typically will have a monthly installment repayment plan. In addition, the Becker CPA Exam Review Course can be financed through Becker with an 18-month term loan program.

Reserves for uncollectible loans are determined by analyzing the current aging of institutional loans and historical loss rates of loans at each institution. Management performs this analysis periodically throughout the year. Loans are considered nonperforming if they are more than 90 days past due. Since all of Adtalem’s financing receivables are generated through the extension of credit to fund educational costs, all such receivables are considered part of the same loan portfolio.

The following table details the institutional loan balances along with the related allowances for credit losses (in thousands).

	June 30,			
	2019		2018	
Gross Institutional Loans		$ 47,937		$ 54,323
Allowance for Credit Losses:				
Balance at July 1	$ (10,003)		$ (9,736)	
Charge-offs and Adjustments	10,777		330	
Recoveries	(83)		(61)	
Additional Provision	(6,980)		(536)	
Balance at End of Period		(6,289)		(10,003)
Net Institutional Loans		$ 41,648		$ 44,320

Of the net balances above, $16.6 million and $21.2 million was classified as Accounts Receivable, Net on the Consolidated Balance Sheets at June 30, 2019 and 2018, respectively, and $25.1 million and $23.1 million, representing amounts due beyond one year, was classified as Other Assets, Net on the Consolidated Balance Sheets at June 30, 2019 and 2018, respectively.

The following tables detail the credit risk profiles of the institutional loan balances based on payment activity and an aging of past due institutional loans (in thousands).

	June 30,	
	2019	2018
Institutional Loans:		
Performing	$ 38,049	$ 44,492

Nonperforming	9,888	9,831
Total Institutional Loans	$ 47,937	$ 54,323

	1-29 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Institutional Loans
Institutional Loans:							
June 30, 2019	$ 3,578	$ 2,458	$ 687	$ 9,888	$ 16,611	$ 31,326	$ 47,937
June 30, 2018	$ 8,473	$ 900	$ 3,099	$ 9,831	$ 22,303	$ 32,020	$ 54,323

Allowances for credit losses on nonperforming loans as of June 30, 2019 and 2018 were $6.1 million and $9.8 million, respectively.

NOTE 8: DIVIDENDS AND SHARE REPURCHASE PROGRAMS

Adtalem paid dividends of $11.4 million on December 22, 2016. On February 16, 2017, the Board determined to discontinue cash dividend payments for the foreseeable future. Future dividends will be at the discretion of the Board.

Adtalem has repurchased shares under the following programs as of June 30, 2019:

Date Authorized	Shares Repurchased	Total Cost (in millions)
November 15, 2006	908,399	$ 35.0
May 13, 2008	1,027,417	50.0
November 11, 2009	972,205	50.0
August 11, 2010	1,103,628	50.0
November 10, 2010	968,105	50.0
May 20, 2011	2,396,143	100.0
November 2, 2011	3,478,299	100.0
August 29, 2012	2,005,317	62.7
December 15, 2015	1,672,250	36.6
February 16, 2017	7,091,188	300.0
November 7, 2018	2,545,156	117.9
Totals	24,168,107	$ 952.2

On February 16, 2017, the Board authorized Adtalem's tenth share repurchase program, which allowed Adtalem to repurchase up to $300 million of its common stock through December 31, 2020. The tenth share repurchase program was completed during January 2019. On November 7, 2018, the Board authorized Adtalem's eleventh share repurchase program, which allows Adtalem to repurchase up to $300 million of its common stock through December 31, 2021. The eleventh share repurchase program commenced during January 2019. A total of 5,306,203 shares were repurchased during the year ended June 30, 2019 under the tenth and eleventh share repurchase programs for an aggregate of $252.9 million. The timing and amount of any repurchase will be determined based on evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, in privately negotiated transactions, or otherwise. The buyback will be funded through available cash balances and/or borrowings and may be suspended or discontinued at any time.

Shares of stock repurchased under the programs are held as treasury shares. These repurchased shares have reduced the weighted average number of shares of common stock outstanding for basic and diluted earnings per share calculations.

NOTE 9: BUSINESS COMBINATIONS

OnCourse Learning

On May 31, 2019, Adtalem completed the acquisition of 100% of the equity interests of OCL for $118.4 million, net of cash of $1.2 million. The payment for this purchase was made in the fourth quarter of fiscal year 2019, and was funded with available domestic cash balances and $100 million in borrowings under Adtalem's revolving credit facility. OCL is a leading provider of compliance training, licensure preparation, continuing education and professional development in the banking and mortgage industries across the U.S. The acquisition furthers Adtalem's growth strategy into financial services.

The operations of OCL are included in Adtalem's Financial Services segment. The results of OCL's operations have been included in the Consolidated Financial Statements of Adtalem since the date of acquisition.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	May 31, 2019
Current Assets	$ 5,260
Property and Equipment	1,197
Intangible Assets	63,100
Goodwill	59,519
Total Assets Acquired	129,076
Liabilities Assumed	9,445
Net Assets Acquired	$ 119,631

Goodwill, which represents the excess of the purchase price over the fair value of the net intangible assets acquired, was all assigned to the Financial Services reporting unit and reporting segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include OCL's strategic fit into Adtalem's expanding presence in financial services, the reputation of the OCL brand as a leader in the industry and potential future growth opportunity. Of the $63.1 million of acquired intangible assets, $18.4 million was assigned to Trade Names, which has been determined not to be subject to amortization. The remaining acquired intangible assets were determined to be subject to amortization with an average useful life of approximately nine years. The values and estimated useful lives by asset type are as follows (in thousands):

	May 31, 2019	
	Value Assigned	Estimated Useful Life
Customer Relationships	$ 26,400	11 years
Curriculum	11,600	6 years
Course Delivery Technology	6,700	5 years

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

EduPristine

On February 5, 2018, Adtalem completed the acquisition of a majority interest in EduPristine. Under the terms of the agreement, Adtalem agreed to pay approximately $3.2 million in cash, in exchange for stock of EduPristine, increasing Adtalem's ownership share from 36% to 64%. This ownership percentage was increased to 69% with an additional equity investment of $1.3 million in March 2018. The payments for these additional investments were made in the third quarter of fiscal year 2018. EduPristine is a professional education provider in India in the areas of finance, accounting, analytics, marketing and healthcare. The acquisition furthers Adtalem's global growth strategy into financial services.

The operations of EduPristine are included in Adtalem's Financial Services segment. Prior to the February 5, 2018 investment, Adtalem accounted for its ownership interest in EduPristine under the equity method of accounting for investments. The results of EduPristine's operations have been fully consolidated in the Consolidated Financial Statements of Adtalem since the February 5, 2018 acquisition date. The fair value of Adtalem's equity investment immediately prior to the majority interest investment was $4.1 million, which was based on a discounted cash flow analysis. The $4.1 million noncontrolling interest recorded on the acquisition date was also derived using the same discounted cash flow analysis. In the third quarter of fiscal year 2018, Adtalem recorded a $1.2 million gain on its previous equity investment.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition of Adtalem's majority interest in EduPristine (in thousands):

	February 5, 2018
Current Assets	$ 866
Property and Equipment	239
Other Long-term Assets	69
Intangible Assets	1,380
Goodwill	11,527
Total Assets Acquired	14,081
Liabilities Assumed	2,715
Net Assets Acquired	$ 11,366

Goodwill, which represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, was assigned to the Financial Services reporting unit and reporting segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include EduPristine's strategic fit into Adtalem's expanding presence in financial services and the acquired assembled workforce. None of the goodwill acquired is expected to be deductible for income tax purposes. The $1.4 million of acquired intangible assets was assigned to Trade Names. None of the acquired intangible assets were determined to be subject to amortization.

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

São Judas Tadeu

On November 1, 2017, Adtalem Brazil completed the acquisition of SJT. Under the terms of the agreement, Adtalem Brazil agreed to pay approximately $6.0 million in cash, in exchange for 100% of the stock of SJT. Approximately $1.0 million of payments were made in the second quarter of fiscal year 2018, with additional aggregate payments of approximately $5.0 million required over the succeeding four years. Located in São Paulo, SJT offers medical doctor specialty test preparation and currently serves approximately 2,700 students. The acquisition of SJT added a new product offering to Adtalem Brazil's test preparation business.

The operations of SJT are included in Adtalem's Business and Law segment. The results of SJT's operations have been included in the Consolidated Financial Statements of Adtalem since the date of acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	November 1, 2017
Current Assets	$ 558
Property and Equipment	64
Other Long-term Assets	9
Intangible Assets	381
Goodwill	5,636
Total Assets Acquired	6,648
Liabilities Assumed	684
Net Assets Acquired	$ 5,964

Goodwill, which represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, was assigned to the Adtalem Brazil reporting unit which is classified within the Business and Law segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include SJT's strategic fit into Adtalem's expanding presence in test preparation and the acquired assembled workforce. Of the $0.4 million of acquired intangible assets, $0.2 million was assigned to Trade Names, which has been determined not to be subject to amortization. The remaining acquired intangible asset was determined to be subject to amortization with a useful life of approximately six months. The value and estimated useful life by asset type is as follows (in thousands):

	November 1, 2017	
	Value Assigned	Estimated Useful Life
Student Relationships	$ 162	6 months

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

Association of Certified Anti-Money Laundering Specialists

On July 1, 2016, Becker completed the acquisition of 100% of the stock of ACAMS for $330.6 million, net of cash of $23.5 million. The payment for this purchase was made in the first quarter of fiscal year 2017, and was funded with available domestic cash balances and $175 million in borrowings under Adtalem's revolving credit facility. ACAMS is an international membership organization dedicated to enhancing the knowledge and skills of anti-money laundering and financial crime prevention professionals. The acquisition furthers Adtalem's global growth strategy into financial services and enhances Becker's position as a leading provider of lifelong learning for professionals.

The operations of ACAMS are included in Adtalem's Financial Services segment. The results of ACAMS's operations have been included in the Consolidated Financial Statements of Adtalem since the date of acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	July 1, 2017
Current Assets	$ 24,895
Property and Equipment	432
Other Long-term Assets	3,131
Intangible Assets	88,600
Goodwill	274,689
Total Assets Acquired	391,747
Liabilities Assumed	37,619
Net Assets Acquired	$ 354,128

Goodwill, which represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, was assigned to the Financial Services reporting unit and reporting segment. Factors that contributed to a purchase price resulting in the recognition of goodwill include ACAMS's strategic fit into Adtalem's expanding presence in financial services, the reputation of the ACAMS brand as a leader in the industry and potential future growth opportunity. None of the goodwill acquired is expected to be deductible for income tax purposes. Of the $88.6 million of acquired intangible assets, $39.9 million was assigned to Trade Names, which has been determined not to be subject to amortization. The remaining acquired intangible assets were determined to be subject to amortization with an average useful life of approximately nine years. The values and estimated useful lives by asset type are as follows (in thousands):

	July 1, 2017	
	Value Assigned	Estimated Useful Life
Customer Relationships	$ 42,500	10 years
Curriculum	5,000	3 years
Non-compete Agreements	700	1 year
Course Delivery Technology	500	4 years

There is no pro forma presentation of operating results for this acquisition due to the insignificant effect on consolidated operations.

NOTE 10: INTANGIBLE ASSETS

Intangible assets relate mainly to acquired business operations. These assets consist of the acquisition fair value of certain identifiable intangible assets acquired and goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired.

Intangible assets consist of the following (in thousands):

	June 30, 2019		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Amortization Period
Amortizable Intangible Assets:			
Student Relationships	$ 8,109	$ (7,679)	5 Years
Customer Relationships	69,300	(14,448)	10 Years
Curriculum/Software	18,445	(6,500)	5 Years
Franchise Contracts	9,123	(2,238)	18 Years
Clinical Agreements	338	(135)	15 Years
Course Delivery Technology	7,200	(487)	5 Years
Total	$ 112,515	$ (31,487)	
Indefinite-Lived Intangible Assets:			
Trade Names	$ 124,711		
Chamberlain Title IV Eligibility and Accreditations	1,200		
AUC Title IV Eligibility and Accreditations	100,000		
Ross Title IV Eligibility and Accreditations	14,100		
Adtalem Brazil Accreditation	83,118		
Intellectual Property	13,940		
Total	$ 337,069		

	June 30, 2018	
	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:		
Student Relationships	$ 8,193	$ (6,972)
Customer Relationships	42,900	(9,598)
Non-compete Agreements	700	(700)
Curriculum/Software	6,833	(4,265)
Franchise Contracts	9,064	(1,720)
Clinical Agreements	336	(112)
Trade Names	976	(904)
Course Delivery Technology	500	(250)
Total	$ 69,502	$ (24,521)
Indefinite-Lived Intangible Assets:		
Trade Names	$ 106,132	
Chamberlain Title IV Eligibility and Accreditations	1,200	
AUC Title IV Eligibility and Accreditations	100,000	
Ross Title IV Eligibility and Accreditations	14,100	
Adtalem Brazil Accreditation	82,578	
Intellectual Property	13,940	
Total	$ 317,950	

Amortization expense for amortized intangible assets was $8.7 million, $9.5 million and $11.2 million for the years ended June 30, 2019, 2018 and 2017, respectively. Estimated amortization expense for amortizable intangible assets for the next five fiscal years ending June 30 and in the aggregate, by reporting unit, is as follows (in thousands):

Fiscal Year	Financial Services	Adtalem Brazil	Total
2020	$ 10,292	$ 1,247	$ 11,539
2021	10,113	781	10,894
2022	9,974	529	10,503
2023	9,792	529	10,321
2024	9,348	529	9,877
Thereafter	23,453	4,441	27,894

All amortizable intangible assets except student relationships and customer relationships are being amortized on a straight-line basis. The amount being amortized for student relationships is based on the estimated progression of the students through the respective Damasio and Ibmec programs, giving consideration to the revenue and cash flow associated with both existing students and new applicants. The amount being amortized for customer relationships related to ACAMS is based on the estimated retention of the customers, giving consideration to the revenue and cash flow associated with these existing customers.

Indefinite-lived intangible assets related to trade names, Title IV eligibility, accreditations and intellectual property are not amortized, as there are no legal, regulatory, contractual, economic or other factors that limit the useful life of these intangible assets to the reporting entity.

In accordance with GAAP, goodwill and indefinite-lived intangibles arising from a business combination are not amortized and charged to expense over time. Instead, these assets must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. Adtalem has five reporting units, which contained goodwill as of the fourth quarter of fiscal year 2019. These reporting units constitute components for which discrete financial information is available and regularly reviewed by segment management. If the carrying amount of a reporting unit containing the goodwill exceeds the fair value of that reporting unit, an impairment loss to goodwill is recognized. In analyzing the results of operations and business conditions of all five reporting units (Step 0), it was determined that for four of the reporting units, a Step 1 impairment analysis was not necessary to determine if the carrying values of the reporting unit exceeded their fair values as of the May 31, 2019 annual impairment review date because it was determined to be more likely than not that fair value exceeded carrying value. For the Adtalem Brazil reporting unit, it was determined that a Step 1 analysis to assess if fair value exceeded carrying value was necessary. The estimate of the fair value is based on management's projection of revenues, gross margin, operating costs and cash flows considering planned business and operational strategies over a long-term planning horizon of five years along with a terminal value calculated based on discounted cash flows. These measures of business performance are similar to those management uses to evaluate the results of operations on a regular basis. The growth rates used to project cash flows, operating results and terminal values are based upon an analysis of the economic environment in which the reporting unit operates. The valuation employs present value techniques to estimate fair value and considers market factors. Management believes the assumptions used for the impairment testing are consistent with those that would be utilized by a market participant in performing similar valuations. The discount rate utilized takes into account management's assumptions on growth rates and risk, both organization specific and macro-economic, inherent in that reporting unit. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from these estimates which could lead to impairments of goodwill.

Based on management's May 31, 2019 goodwill impairment review, the fair value of the Adtalem Brazil reporting unit exceeded its carrying value by 13%. Adtalem Brazil has a goodwill balance of $187.2 million as of June 30, 2019. The key assumptions utilized in calculating the fair value of this reporting unit were a discount rate of 13%, revenue growth rate of 10% over the forecast period and a terminal growth rate of 3%. Assuming all other assumptions remained constant, the discount rate for Adtalem Brazil would have to increase to 15% for the calculated fair value to equal carrying value of this reporting unit at May 31, 2019. Similarly, holding all other assumptions constant, the terminal growth rate would have to decrease to 1% for the calculated fair value to equal carrying value of Adtalem Brazil at May 31, 2019. If the impairment analysis resulted in fair value being less than carrying value, a goodwill impairment charge would be recorded for the difference (up to the carrying value of goodwill).

Adtalem has five reporting units, which contained indefinite-lived intangible assets as of the fourth quarter of fiscal year 2019. For indefinite-lived intangible assets, management first analyzes qualitative factors, including results of operations and business conditions of the five reporting units that contained indefinite-lived intangible assets, significant changes in cash flows at the individual indefinite-lived intangible asset level, if applicable, as well as how much previously calculated fair values exceed carrying values to determine if it is more likely than not that the intangible assets associated with these reporting units have been impaired. In qualitatively assessing the indefinite-lived intangible assets of the five reporting units, it was determined that it was more likely than not that these assets' fair values exceeded their carrying values as of the May 31, 2019 annual impairment review date.

In January 2019, Adtalem relocated RUSM to Barbados from its temporary locations in Knoxville, Tennessee at facilities owned by Lincoln Memorial University ("LMU") and at a facility in St Kitts. Management believes the values of RUSM's goodwill and indefinite-lived intangible assets are not affected by this move. The Trade Name will continue to be used and the U.S. Department of Education ("ED") has provided approval for RUSM to operate in Barbados. No new accreditation is necessary, as RUSM's secondary accreditor, the Caribbean Accreditation Authority for Education in Medicine and other Health Professions ("CAAM-HP"), is now its primary accreditor as of the start of the January 2019 semester. CAAM-HP is authorized by the government of Barbados to accredit medical programs.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates, which could lead to additional impairments of intangible assets or goodwill.

As of June 30, 2019, intangible assets from business combinations totaled $418.1 million and goodwill totaled $874.5 million. Together, these assets equaled 58% of total assets as of such date, and any impairment could significantly affect future results of operations.

The table below summarizes goodwill balances by reporting unit (in thousands):

Reporting Unit	June 30, 2019	June 30, 2018
Chamberlain	$ 4,716	$ 4,716
AUC	68,321	68,321
RUSM and RUSVM	237,173	237,173
Financial Services	377,046	317,699
Adtalem Brazil	187,195	185,978
Total	$ 874,451	$ 813,887

The table below summarizes goodwill balances by reporting segment (in thousands):

Reporting Segment	June 30, 2019	June 30, 2018
Medical and Healthcare	$ 310,210	$ 310,210
Financial Services	377,046	317,699
Business and Law	187,195	185,978
Total	$ 874,451	$ 813,887

The table below summarizes the changes in the carrying amount of goodwill by reporting segment (in thousands):

	Medical and Healthcare	Financial Services	Business and Law	Total
Balance at June 30, 2017	$ 310,210	$ 306,653	$ 212,223	$ 829,086
Acquisitions	—	11,527	5,636	17,163
Foreign exchange rate changes	—	(481)	(31,881)	(32,362)
Balance at June 30, 2018	310,210	317,699	185,978	813,887
Acquisitions	—	59,519	—	59,519
Foreign exchange rate changes	—	(172)	1,217	1,045
Balance at June 30, 2019	$ 310,210	$ 377,046	$ 187,195	$ 874,451

The increase in the goodwill balance from June 30, 2018 in the Financial Services segment is the result of the addition of $59.5 million with the acquisition of OCL. This increase was partially offset by a change in the value of the British Sterling Pound and Indian Rupee compared to the U.S. dollar. Since the Becker's European subsidiary and EduPristine's goodwill is recorded in local currency, fluctuations in the values of the British Sterling Pound and Indian Rupee in relation to the U.S. dollar will cause changes in the balance of this asset. The increase in the goodwill balance from June 30, 2018 in the Business and Law segment is the result of a change in the value of the Brazilian Real compared to the U.S. dollar. Since Adtalem Brazil goodwill is recorded in local currency, fluctuations in the value of the Brazilian Real in relation to the U.S. dollar will cause changes in the balance of this asset.

The table below summarizes the indefinite-lived intangible asset balances by reporting segment (in thousands):

Reporting Segment	June 30, 2019	June 30, 2018
Medical and Healthcare	$ 137,500	$ 137,500
Financial Services	87,517	69,126
Business and Law	112,052	111,324
Total	$ 337,069	$ 317,950

Total indefinite-lived intangible assets increased by $19.1 million from June 30, 2019. The increase is the result the addition of $18.4 million with the acquisition of OCL and by a change in the value of the Brazilian Real compared to the U.S. dollar. Since Adtalem Brazil intangible assets are recorded in local currency, fluctuations in the value of the Brazilian Real in relation to the U.S. dollar will cause changes in the balance of these assets.

NOTE 11: RESTRUCTURING CHARGES

During fiscal year 2019, Adtalem recorded restructuring charges primarily related to the impairment of land, buildings and equipment at the Dominica campus of RUSM and severance related to workforce reductions in Dominica. In January 2019, RUSM relocated its campus operations to Barbados from Dominica. The land, buildings and equipment in Dominica have been fully impaired as management has determined the market value less costs to sell the facilities or move the equipment is zero (see “Note 4: Summary of Significant Accounting Policies”). In addition, during fiscal year 2019, Adtalem recorded restructuring charges related to real estate consolidations and workforce reductions at Adtalem Brazil and Adtalem’s home office. During fiscal year 2018, Adtalem recorded restructuring charges related to workforce reductions and real estate consolidations at the medical and veterinary schools, Becker Europe and Adtalem’s home office. At Adtalem Brazil, restructuring charges were recorded for the planned divestitures of the Sao Luis and Joao Pessoa institutions, which were completed in fiscal year 2019. When estimating costs of exiting lease space, estimates are made which could differ materially from actual results and result in additional restructuring charges or reversals in future periods. Termination benefit charges, resulting from reducing Adtalem’s workforce by 374 and 196 positions in fiscal years 2019 and 2018, respectively, represented severance pay and benefits for these employees. Adtalem’s home office is classified as “Home Office and Other” in “Note 16: Segment Information.” Pre-tax restructuring charges by segment were as follows (in thousands):

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Real Estate and Other	Termination Benefits	Total	Real Estate and Other	Termination Benefits	Total
Medical and Healthcare	$ 40,372	$ 1,294	$ 41,666	$ 26	$ 777	$ 803
Financial Services	1,304	—	1,304	—	357	357
Business and Law	1,926	932	2,858	1,216	—	1,216
Home Office and Other	9,581	516	10,097	(373)	3,064	2,691
Total	$ 53,183	$ 2,742	$ 55,925	$ 869	$ 4,198	$ 5,067

The following table summarizes the separation and restructuring plan activity for the fiscal years 2019 and 2018, for which cash payments are required (in thousands):

Liability balance at June 30, 2017	$ 46,115
Increase in liability (separation and other charges)	19,893
Reduction in liability (payments and adjustments)	(27,081)
Liability balance at June 30, 2018	38,927
Increase in liability (separation and other charges)	8,870
Reduction in liability (payments and adjustments)	(22,714)
Liability balance at June 30, 2019	$ 25,083

Of this liability balance, $10.2 million is recorded as Accrued Liabilities and $14.9 million is recorded as Other Liabilities on the Consolidated Balance Sheet as of June 30, 2019. These liability balances primarily represent rent accruals and costs for employees who have either not yet separated from Adtalem or for whom full severance has not yet been paid. All of these remaining costs are expected to be paid out for periods of up to seven years.

NOTE 12: INCOME TAXES

The components of income from continuing operations before income taxes are as follows (in thousands):

	Year Ended June 30, 2019	2018	2017
U.S.	$ 80,209	$ 61,307	$ (15,046)
Foreign	89,972	137,376	146,305
Total	$ 170,181	$ 198,683	$ 131,259

* Certain amounts have been reclassified in the table above to conform to current period classification.

The income tax provisions related to the above results are as follows (in thousands):

	Year Ended June 30, 2019	2018	2017
Current Tax Provision (Benefit):			
U.S. Federal	$ 17,450	$ 69,986	$ 1,162
State and Local	1,788	(599)	(3,834)
Foreign	1,906	7,831	3,777
Total Current	21,144	77,218	1,105
Deferred Tax Provision (Benefit):			
U.S. Federal	4,066	19,020	(2,745)
State and Local	9,029	(1,173)	6,155
Foreign	(82)	(10,963)	5,079
Total Deferred	13,013	6,884	8,489
Income Tax Provision	$ 34,157	$ 84,102	$ 9,594

The income tax provisions differ from those that would be computed using the statutory U.S. federal rate as a result of the following items (in thousands):

	Year Ended June 30, 2019		2018		2017	
Income Tax at Statutory Rate	$ 35,738	21.0 %	$ 55,750	28.1 %	$ 45,941	35.0 %
Lower Rates on Foreign Operations	(18,939)	(11.1)%	(30,749)	(15.5)%	(42,911)	(32.7)%
State Income Taxes	5,825	3.4 %	3,648	1.8 %	1,348	1.0 %
Impact of Tax Cuts and Jobs Act	—	— %	103,878	52.3 %	—	— %
Loss on Investment in Subsidiary	1,797	1.1 %	(48,903)	(24.6)%	—	— %
Benefit on Foreign Intangibles	—	— %	(8,813)	(4.5)%	—	— %
Permanent Non-Deductible Items	537	0.3 %	7,715	3.9 %	2,720	2.1 %
Foreign Tax Provisions Under GILTI	4,808	2.8 %	—	— %	—	— %
Other	4,391	2.6 %	1,576	0.8 %	2,496	1.9 %
Income Tax Provision	$ 34,157	20.1 %	$ 84,102	42.3 %	$ 9,594	7.3 %

Deferred income tax assets (liabilities) result primarily from temporary differences in the recognition of various expenses for tax and financial statement purposes, and from the recognition of the tax benefits of net operating loss carryforwards.

These assets and liabilities are composed of the following (in thousands):

	June 30, 2019	2018	2017
Employee Benefits	$ 10,505	$ 11,957	$ 18,648
Stock-Based Compensation	6,549	7,577	18,130
Deferred Rent	7,736	9,841	17,588
Receivable Reserve	2,601	7,953	11,308
Restructuring Costs	6,017	8,704	17,148
Depreciation	—	3,380	—
Other Reserves	2,830	4,766	6,701
Loss and Credit Carryforwards, Net	36,259	37,340	37,569
Less: Valuation Allowance	(9,943)	(11,496)	(9,456)
Gross Deferred Tax Assets	62,554	80,022	117,636
Depreciation	(14)	—	(10,641)
Deferred Taxes on Unremitted Foreign Earnings	(3,146)	(2,346)	—
Amortization of Intangible Assets	(70,319)	(68,011)	(106,952)
Other Accruals	(187)	—	—
Gross Deferred Tax Liability	(73,666)	(70,357)	(117,593)
Net Deferred Tax (Liability) Asset	$ (11,112)	$ 9,665	$ 43

* Certain amounts have been reclassified in the table above to conform to current period classification.

As of June 30, 2019, Adtalem has $0.1 million of gross U.S. federal net operating loss carryforwards, $317.6 million of gross, post apportioned state net operating loss carryforwards, and $55.0 million of foreign net operating loss carryforwards in Brazil, St. Maarten and other jurisdictions.

Adtalem has the following tax net operating loss (tax effected), interest (tax effected), and credit carryforwards as of June 30, 2019 (in thousands):

	June 30, 2019	Years of Expiration Beginning	Ending
U.S. Net Operating Loss Carryforwards	$ 24	2038	2038
U.S. Interest Expense Carryforwards	215	No Expiration	
U.S. Credit Carryforwards	1,192	2027	2029
State Net Operating Loss Carryforwards	18,446	2022	2039
State Credit Carryforwards	1,152	2022	2024
Foreign Net Operating Loss Carryforwards	10,924	2021	2039
Foreign Net Operating Loss Carryforwards	4,306	No Expiration	
Total Loss and Credit Carryforwards, Net	$ 36,259		

Four of Adtalem's operating units benefit from local tax incentives: AUC, which operates in St. Maarten, RUSM, which operated in Dominica and beginning in January 2019 in Barbados, RUSVM, which operates in St. Kitts, and Adtalem Brazil, which operates in Brazil. AUC's effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. With respect to Dominica, RUSM had an indefinite period of exemption. In January 2019, RUSM moved its operations from Dominica to Barbados. RUSM has negotiated an agreement with the Barbados government that exempts it from local income taxation until 2039. RUSVM has an exemption in St. Kitts until 2037. Adtalem Brazil's effective tax rate reflects benefits derived from its participation in PROUNI, a Brazilian program for providing scholarships to a portion of its undergraduate students.

Valuation allowances are established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The valuation allowance on our deferred tax assets was $9.9 million and $11.5 million as of June 30, 2019 and 2018, respectively, for other foreign and state net operating loss and state tax credit carryforwards.

Based on Adtalem's expectations for future taxable income, management believes that it is more likely than not that operating income in respective jurisdictions will be sufficient to recognize fully all deferred tax assets, except as explained above.

Prior to enactment of the Tax Cuts and Jobs Act of 2017, (the "Tax Act"), Adtalem did not record a U.S. federal or state tax provision for the undistributed earnings of its international subsidiaries. As a result of the Tax Act, Adtalem has revised its prior intent to indefinitely reinvest accumulated undistributed earnings and profits in foreign operations, and now only intends to maintain this assertion with respect to accumulated and future earnings in Brazil. As of June 30, 2019, the cumulative undistributed earnings attributable to operations in Brazil was approximately $88.8 million. We estimate the unrecognized deferred tax liability to be immaterial.

The effective tax rate on income from continuing operations was 20.1% for fiscal year 2019 compared to 42.3% in the prior year. Tax expense in fiscal year 2019 included a special item related to one-time impacts from the sale of DeVry University. Also, tax expense in fiscal year 2018 included a special item of $103.9 million related to the Tax Act. Also during fiscal year 2018, a net tax benefit special item of $48.9 million was recorded for Adtalem's investment in Carrington and a net tax benefit special item of $8.8 million was recorded on foreign intangible assets following a restructuring in Brazil. The effective tax rates on income from continuing operations excluding special items were 19.0% and 19.1% for fiscal years 2019 and 2018, respectively.

The Tax Act includes significant changes to the U.S. corporate income tax system, which reduced the U.S. federal corporate tax rate from 35.0% to 21.0% as of January 1, 2018; shifts to a modified territorial tax regime, which requires companies to pay a transition tax on earnings of certain foreign subsidiaries that were previously tax deferred; and creates new taxes on certain foreign-sourced earnings. The new taxes on certain foreign-sourced earnings under the Tax Act became effective for Adtalem during the year ended June 30, 2019.

The impact on income taxes due to a change in legislation is required to be recognized in the period in which the law is enacted under the authoritative guidance of ASC 740. However, in conjunction with the Tax Act, on December 22, 2017, the SEC staff issued SAB 118, which provided guidance on accounting for the tax effects of the Tax Act. SAB 118 allowed for recording provisional amounts during a one-year measurement period, similar to the measurement period used when accounting for business combinations. The measurement period ended no later than one year from the date of enactment of the Tax Act, which for Adtalem was in the second quarter of fiscal year 2019. As of June 30, 2018, we had not completed our accounting for the tax effects of the Tax Act. During the second quarter of fiscal year 2019, we completed our accounting and recorded the applicable adjustments to the SAB 118 provisional amounts for the income tax effects of the Tax Act recorded in fiscal year 2018.

The Tax Act includes provisions for Global Intangible Low-Taxed Income ("GILTI") wherein taxes are imposed on foreign income in excess of a deemed return on tangible assets of foreign corporations. This income will effectively be taxed in general at a 10.5% tax rate. The GILTI provision of the Tax Act became effective for Adtalem for the year ended June 30, 2019. We have elected to account for GILTI as a period cost.

As of June 30, 2019, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, was $33.4 million, which if recognized, would impact the effective tax rate. As of June 30, 2018, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of benefits, was $34.4 million, which if recognized, would impact the effective tax rate.

We expect that our unrecognized tax benefits will decrease during the next 12 months due to the settlement of various audits and the lapsing of statutes of limitation. We estimate this decrease to be approximately $26.5 million. Adtalem classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The total amount of interest and penalties accrued as of June 30, 2019, 2018, and 2017 was $2.8 million, $2.6 million and $2.0 million, respectively. Interest and penalties recognized during the years ended June 30, 2019, 2018, and 2017 were $0.1 million, $0.6 million and $0.4 million, respectively. The changes in our unrecognized tax benefits were (in thousands):

	Year Ended June 30,		
	2019	**2018**	**2017**
Balance at Beginning of Period	$ 34,404	$ 7,901	$ 7,497
Increases from Positions Taken During Prior Periods	593	1,151	1,397
Decreases from Positions Taken During Prior Periods	(2,174)	(5,711)	(1,445)
Increases from Positions Taken During the Current Period	606	31,063	452
Balance at End of Period	$ 33,429	$ 34,404	$ 7,901

Adtalem files tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. Adtalem remains generally subject to examination in the U.S. for years beginning on or after July 1, 2017; in various states for years beginning on or after July 1, 2014; and in our significant foreign jurisdictions for years beginning on or after July 1, 2013. Adtalem is currently under audit by the State of Illinois and the City of New York for various tax years between 2011 and 2016. The IRS has completed its examination of the Adtalem U.S. tax returns for the years ending June 30, 2014, 2015 and 2016. The IRS is currently conducting a limited scope review of the deduction related to the loss on subsidiary claimed for the tax year ending June 30, 2018. We expect this review to conclude during the first half of fiscal year 2020. Although we have recorded tax reserves for potential adjustments to tax liabilities for prior years, we cannot provide assurance that a material adjustment, either positive or negative, will not result when the audits are concluded.

NOTE 13: DEBT

Long-term debt consists of the following (in thousands):

	June 30, 2019	June 30, 2018
Total Debt:		
Term B Loan	$ 297,000	$ 300,000
Revolver	110,000	—
Total Principal Payments Due	407,000	300,000
Deferred Debt Issuance Costs	(5,906)	(6,927)
Total Amount Outstanding	401,094	293,073
Less Current Portion:		
Term B Loan	(3,000)	(3,000)
Noncurrent Portion	$ 398,094	$ 290,073

Scheduled maturities of long-term debt for the next five fiscal years ending June 30 and in the aggregate are as follows (in thousands):

Fiscal Year	Maturity Payments
2020	$ 3,000
2021	3,000
2022	3,000
2023	113,000
2024	3,000
Thereafter	282,000
Total	$ 407,000

Senior Secured Credit Facilities

On April 13, 2018, Adtalem replaced the Prior Credit Facility with credit facilities under a new Credit Agreement (the “Credit Agreement”). The Credit Agreement provides for (1) a $300 million revolving facility (“Revolver”) with a maturity date of April 13, 2023 and (2) a $300 million senior secured Term B loan (“Term B Loan”) with a maturity date of April 13, 2025. We refer to the Revolver and Term B Loan collectively as the “Credit Facility.” The Revolver has availability for currencies other than U.S. dollars of up to $200 million and $100 million available for letters of credit. Subject to certain conditions set forth in the Credit Agreement, the Credit Facility may be increased by $250 million.

Term B Loan

For Eurocurrency rate loans, Term B Loan interest is equal to LIBOR or a LIBOR-equivalent rate plus 3%. For base rate loans, Term B Loan interest is equal to the base rate plus 2%. The Term B Loan amortizes in equal quarterly installments of $750,000, with the balance due at maturity on April 13, 2025. As of June 30, 2019 and 2018, the interest rate for borrowings under the Term B Loan facility was 5.40% and 5.08%, respectively, which approximated the effective interest rate.

Revolver

Revolver interest is equal to LIBOR or a LIBOR-equivalent rate for Eurocurrency rate loans or a base rate, plus an applicable rate based on Adtalem’s consolidated leverage ratio, as defined in the Credit Agreement. The applicable rate ranges from 1.75% to 2.75% for Eurocurrency rate loans and from 0.75% to 1.75% for base rate loans. As of June 30, 2019, borrowings under the Revolver were $110 million with a weighted average interest rate of 4.66%. There were no outstanding borrowings under the Revolver as of June 30, 2018.

Adtalem had a letter of credit outstanding of $68.4 million as of each of June 30, 2019 and 2018. This letter of credit was posted in the second quarter of fiscal year 2017 in relation to the FTC settlement (see “Note 3: Regulatory Settlements”). As of June 30, 2019, Adtalem is charged an annual fee equal to 2.25% of the undrawn face amount of the outstanding letters of credit under the Revolver, payable quarterly. Adtalem continues to post the letter of credit in relation to the FTC settlement on behalf of DeVry University and is reimbursed by DeVry University for 2.00% of the outstanding amount of this letter of credit. The Credit Agreement also requires payment of a commitment fee equal to 0.40% of the undrawn portion of the Revolver as of June 30, 2019. The amount undrawn under the Revolver, which includes the impact of the outstanding letters of credit, was $121.6 million as of June 30, 2019.

The letter of credit fees and commitment fees are adjustable quarterly, based upon Adtalem's achievement of certain financial ratios.

Debt Issuance Costs

Adtalem incurred $9.9 million in fees that were capitalized in relation to the Credit Agreement, $7.1 million of which was related to the Term B Loan facility and $2.7 million of which was related to the Revolver facility. The deferred debt issuance costs related to the Term B Loan are presented as a direct deduction from the face amount of the debt, while the deferred debt issuance costs related to the Revolver are classified as Other Assets, Net on the Consolidated Balance Sheets. The deferred debt issuance costs amortization is recorded in Interest Expense in the Consolidated Statements of Income. The following table summarizes the total deferred debt issuance costs for the Term B Loan and Revolver, which will be amortized over seven years and five years, respectively (in thousands):

	Term B Loan	Revolver	Total
Deferred Debt Issuance Costs at June 30, 2018	$ 6,927	$ 2,606	$ 9,533
Amortization of Deferred Debt Issuance Costs	(1,021)	(545)	(1,566)
Deferred Debt Issuance Costs at June 30, 2019	$ 5,906	$ 2,061	$ 7,967

Covenants and Guarantees

The Credit Agreement contains customary covenants, including restrictions on our restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interest on assets, make acquisitions, loans, advances or investments, or sell or otherwise transfer assets.

The Credit Agreement contains covenants that, among other things, require maintenance of certain financial ratios, as defined in the agreement. Maintenance of these financial ratios could place restrictions on Adtalem's ability to pay dividends. These financial ratios include a consolidated fixed charge coverage ratio, a consolidated leverage ratio and a U.S. Department of Education financial responsibility ratio based upon a composite score of an equity ratio, a primary reserve ratio and a net income ratio. Failure to maintain any of these ratios or to comply with other covenants contained in the Credit Agreement would constitute an event of default and could result in termination of the Credit Agreement and require payment of all outstanding borrowings and replacement of outstanding letters of credit. Adtalem was in compliance with the debt covenants as of June 30, 2019.

The stock of all U.S. and certain foreign subsidiaries of Adtalem is pledged as collateral for borrowings under the Credit Agreement.

The Term B Loan requires mandatory prepayments equal to a percentage of Excess Cash Flow, which is defined within the Credit Agreement, subject to incremental step-downs, depending on the consolidated leverage ratio. Beginning in fiscal year 2019, the Excess Cash Flow payment is due in the first quarter of each year, and is based on the Excess Cash Flow and leverage ratio for the prior year. No payment was due as of June 30, 2019.

Our borrowings under the Credit Facility are guaranteed by us and all of our domestic subsidiaries (subject to certain exceptions) and secured by a first lien on our assets and the assets of our guarantor subsidiaries (excluding real estate), including capital stock of the subsidiaries.

Deferred Acquisition Obligations

Adtalem also has liabilities recorded for deferred purchase price agreements with sellers related to the purchases of Facid, Faci, Damasio, Ibmec, Facimp and SJT. This financing is in the form of holdbacks of a portion of the purchase price of these acquisitions or installment payments. Payments are made under these agreements based on payment schedules or the resolution of any pre-acquisition contingencies.

NOTE 14: EMPLOYEE BENEFIT PLANS

Success Sharing Retirement Plan

All U.S. employees who meet certain eligibility requirements can participate in Adtalem's 401(k) Success Sharing Retirement Plan. Adtalem contributes to the plan an amount up to 4% of the total eligible compensation of colleagues who make contributions under the plan. In addition, Adtalem may also make discretionary contributions for the benefit of all eligible employees. Expenses for the matching and discretionary contributions under the plan were $10.6 million, $10.9 million and $12.9 million in fiscal years 2019, 2018 and 2017, respectively.

Colleague Stock Purchase Plan

Under provisions of Adtalem's Colleague Stock Purchase Plan, any eligible colleague (employee) may authorize Adtalem to withhold up to $25,000 of annual wages to purchase common stock of Adtalem at 95% of the prevailing market price on the purchase date. The purchase date is defined as the last business day of each month. Adtalem subsidizes the remaining 5% and pays all brokerage commissions and administrative fees associated with the plan. These expenses were insignificant for the years ended June 30, 2019, 2018 and 2017. Total shares issued under the plan were 8,895, 20,725 and 33,548 in fiscal years 2019, 2018 and 2017, respectively. This plan is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. Currently, Adtalem is re-issuing treasury shares to satisfy colleague share purchases under this plan. Adtalem terminated the ability to purchase shares of common stock under the Colleague Stock Purchase Plan and the last purchase made through the Colleague Stock Purchase Plan was on February 28, 2019. Adtalem is in the process of implementing a new employee stock purchase plan and submitting the new plan for stockholder approval at Adtalem's next annual meeting of stockholders to be held on November 6, 2019.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Adtalem and its subsidiaries lease certain equipment and facilities under noncancelable operating leases, some of which contain renewal options, escalation clauses and requirements to pay taxes, insurance and maintenance costs.

Future minimum rental commitments for all noncancelable operating leases having a remaining term in excess of one year at June 30, 2019, are as follows (in thousands):

Fiscal Year	Amount
2020	$ 86,010
2021	77,903
2022	71,899
2023	58,678
2024	40,071
Thereafter	70,869
Total	$ 405,430

Adtalem recognizes rent expense on a straight-line basis over the term of the lease, although the lease may include escalation clauses that provide for lower rent payments at the start of the lease term and higher lease payments at the end of the lease term. Rent expense for the years ended June 30, 2019, 2018 and 2017 was $54.1 million, $46.6 million and $44.4 million, respectively.

Adtalem is subject to lawsuits, administrative proceedings, regulatory reviews and investigations associated with financial assistance programs and other matters arising in the normal conduct of its business. As of June 30, 2019, Adtalem believes it has adequately reserved for potential losses. The following is a description of pending legal and regulatory matters that may be considered other than ordinary, routine and incidental to the business. Descriptions of certain matters from prior SEC filings may not be carried forward in this report to the extent we believe such matters no longer are required to be disclosed or there has not been, to our knowledge, significant activity relating to them. The timing or outcome of the following matters, or their possible impact on Adtalem's business, financial condition or results of operations, cannot be predicted at this time. The continued defense, resolution or settlement of any of the following matters could require us to expend significant resources and could have a material adverse effect on our business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

On May 13, 2016, a putative class action lawsuit was filed by the Pension Trust Fund for Operating Engineers, individually and on behalf of others similarly situated, against Adtalem, Daniel Hamburger, Richard M. Gunst, and Timothy J. Wiggins in the United States District Court for the Northern District of Illinois. The complaint was filed on behalf of a putative class of persons who purchased Adtalem common stock between February 4, 2011 and January 27, 2016. The complaint cites the January 27, 2016 Notice of Intent to Limit (the "January 2016 Notice") and a civil complaint (the "FTC lawsuit") filed by the FTC on January 27, 2016 against Adtalem, DeVry University, Inc., and DeVry/New York Inc. (collectively, the "Adtalem Parties"), which was resolved with the FTC in 2017, that alleged that certain of DeVry University's advertising claims were false or misleading or unsubstantiated at the time they were made in violation of Section 5(a) of the FTC Act, as the basis for claims that defendants made false or misleading statements regarding DeVry University's graduate employment rate and the earnings of DeVry University graduates relative to the graduates of other universities and colleges. As a result of these alleged false or misleading statements, the plaintiff alleged that defendants overstated Adtalem's growth, revenue and earnings potential and made false or misleading statements about Adtalem's business, operations and prospects. The plaintiff alleged direct liability against all defendants for violations of §10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (the "Exchange Act") and asserted liability against the individual defendants pursuant to § 20(a) of the Exchange Act. The plaintiff sought monetary damages, interest, attorneys' fees, costs and other unspecified relief. On July 13, 2016, the Utah Retirement System ("URS") moved for appointment as lead plaintiff and approval of its selection of counsel, which was not opposed by the Pension Trust Fund for Operating Engineers. URS was appointed as lead plaintiff on August 24, 2016. URS filed a second amended complaint (“SAC”) on December 23, 2016. The SAC sought to represent a putative class of persons who purchased Adtalem common stock between August 26, 2011 and January 27, 2016 and named an additional individual defendant, Patrick J. Unzicker. Like the original complaint, the SAC asserted claims against all defendants for alleged violations of §10(b) and Rule 10b-5 of the Exchange Act and asserted liability against the individual defendants pursuant to § 20(a) of the Exchange Act for alleged material misstatements or omissions regarding DeVry University graduate outcomes. On January 27, 2017, defendants moved to dismiss the SAC, which motion was granted on December 6, 2017, without prejudice. The plaintiffs filed a Third Amended Complaint (“TAC”) on January 29, 2018. The defendants moved to dismiss the TAC on March 30, 2018. The court denied the motion to dismiss the TAC on December 20, 2018. On February 8, 2019, defendants filed their answer to the TAC wherein defendants denied all material allegations in the TAC. The parties have exchanged written discovery requests and responses and objections to those requests. The parties engaged in mediation and reached a tentative resolution. This resolution is subject to approval by members of the class, Adtalem’s insurance carriers and the court. While the parties will diligently pursue these approvals, both obtaining these approvals and the timing of obtaining these approvals are uncertain.

On October 14, 2016, a putative class action lawsuit was filed by Debbie Petrizzo and five other former DeVry University students, individually and on behalf of others similarly situated, against the Adtalem Parties in the United States District Court for the Northern District of Illinois (the “Petrizzo Case”). The complaint was filed on behalf of a putative class of persons consisting of those who enrolled in and/or attended classes at DeVry University from at least 2002 through the present and who were unable to find employment within their chosen field of study within six months of graduation. Citing the FTC lawsuit, the plaintiffs claimed that defendants made false or misleading statements regarding DeVry University’s graduate employment rate and asserted claims for unjust enrichment and violations of six different states’ consumer fraud, unlawful trade practices, and consumer protection laws. The plaintiffs seek monetary, declaratory, injunctive, and other unspecified relief.

On October 28, 2016, a putative class action lawsuit was filed by Jairo Jara and eleven others, individually and on behalf of others similarly situated, against the Adtalem Parties in the United States District Court for the Northern District of Illinois (the “Jara Case”). The individual plaintiffs claimed to have graduated from DeVry University in 2001 or later and sought to proceed on behalf of a putative class of persons consisting of those who obtained a degree from DeVry University and who were unable to find employment within their chosen field of study within six months of graduation. Citing the FTC lawsuit, the plaintiffs claimed that defendants made false or misleading statements regarding DeVry University’s graduate employment rate and asserted claims for unjust enrichment and violations of ten different states’ consumer fraud, unlawful trade practices, and consumer protection laws. The plaintiffs sought monetary, declaratory, injunctive, and other unspecified relief.

By order dated November 28, 2016, the district court ordered the Petrizzo and Jara Cases be consolidated under the Petrizzo caption for all further purposes. On December 5, 2016, plaintiffs filed an amended consolidated complaint on behalf of 38 individual plaintiffs and others similarly situated. The amended consolidated complaint sought to bring claims on behalf of the named individuals and a putative nationwide class of individuals for unjust enrichment and alleged violations of the Illinois Consumer Fraud and Deceptive Practices Act and the Illinois Private Businesses and Vocational Schools Act of 2012. In addition, it purported to assert causes of action on behalf of certain of the named individuals and 15 individual state-specific putative classes for alleged violations of 15 different states’ consumer fraud, unlawful trade practices, and consumer protection laws. Finally, it sought to bring individual claims under Georgia state law on behalf of certain named plaintiffs. The plaintiffs sought monetary, declaratory, injunctive, and other unspecified relief. A motion to dismiss the amended complaint was filed by the Adtalem Parties and granted by the court, without prejudice, on February 12, 2018.

On April 12, 2018, the Petrizzo plaintiffs refiled their complaint with a new lead plaintiff, Renee Heather Polly. The plaintiffs’ refiled complaint is nearly identical to the complaint previously dismissed by the court on February 12, 2018. The Adtalem Parties moved to dismiss this refiled complaint on May 14, 2018. The court granted defendants’ motion and dismissed the amended complaint with prejudice on February 13, 2019. On March 15, 2019, plaintiffs filed a notice of appeal and this matter is currently pending on appeal before the Seventh Circuit.

On January 17, 2017, Harriet Myers filed a complaint derivatively on behalf of Adtalem in the United States District Court for the Northern District of Illinois against individual defendants Daniel M. Hamburger, Timothy J. Wiggins, Richard M. Gunst, Patrick J. Unzicker, Christopher B. Begley, David S. Brown, Lisa W. Wardell, Ann Weaver Hart, Lyle Logan, Alan G. Merten, Fernando Ruiz, Ronald L. Taylor and James D. White. Adtalem was named as a nominal defendant only. The plaintiff agreed to a stipulated order moving the case to the United States District Court for the District of Delaware. Citing the FTC lawsuit and settlement, the January 2016 Notice, the negotiated agreement reached by DeVry University and ED on October 13, 2016 (the “ED Settlement”), and the allegations in the lawsuit filed by the Pension Trust Fund for Operating Engineers, each referenced above, the plaintiff has alleged that the individual defendants have breached their fiduciary duties and violated federal securities law since at least 2011. The plaintiff has asserted that the individual defendants permitted Adtalem to engage in unlawful conduct, failed to correct misconduct or prevent its recurrence, and failed to ensure the accurate dissemination of information to shareholders. The complaint attempts to state three claims: (i) breach of fiduciary duty by all named defendants for allegedly allowing the illegal conduct to occur, (ii) unjust enrichment by all individual defendants in the receipt of compensation, and (iii) violation of Section 14(a) of the Exchange Act by failing to disclose the alleged illegal scheme in proxy statements and falsely stating that compensation was based on “pay for performance” where those performance results were allegedly false. The plaintiff seeks on behalf of Adtalem monetary, injunctive and other unspecified relief. The parties reached an agreement to settle this matter along with the *City of Hialeah* matter (described below). The settlement approval hearing for the *City of Hialeah* matter was held on May 17, 2019. The court approved the settlement and the matter was dismissed.

On June 20, 2017, the City of Hialeah Employees Retirement System filed a complaint derivatively on behalf of Adtalem in the Court of Chancery of the State of Delaware against individual defendants Daniel M. Hamburger, Christopher B. Begley, Lisa W. Wardell, Lyle Logan, Fernando Ruiz, Ronald L. Taylor and James D. White. Adtalem was named as a nominal defendant only. Citing the FTC lawsuit and settlement, the January 2016 Notice and ED Settlement, and documents produced in response to plaintiff's request under Section 220 of the Delaware Code, the plaintiff alleges that the individual defendants have breached their fiduciary duties. The plaintiff asserts that the individual defendants permitted Adtalem and DeVry University to make, and failed to stop, false and misleading advertisements in breach of their fiduciary duties and in bad faith. The plaintiff seeks on behalf of Adtalem monetary and other unspecified relief. A motion to dismiss the complaint was filed by the Adtalem Parties on September 1, 2017, which was partially granted as to one count and partially denied as to another count on April 20, 2018. The parties reached an agreement to settle this matter along with the *Myers* matter (described above). The settlement approval hearing for the *City of Hialeah* matter was held on May 17, 2019. The court approved the settlement and the matter was dismissed.

On April 13, 2018, a putative class action lawsuit was filed by Nicole Versetto, individually and on behalf of other similarly situated, against the Adtalem Parties in the Circuit Court of Cook County, Illinois, Chancery Division. The complaint was filed on behalf of herself and three separate classes of similarly situated individuals who were citizens of the State of Illinois and who purchased or paid for a DeVry University program between January 1, 2008 and April 8, 2016. The plaintiff claims that defendants made false or misleading statements regarding DeVry University's graduate employment rate and asserts causes of action under the Illinois Uniform Deceptive Trade Practices Act, Illinois Consumer Fraud and Deceptive Trade Practices Act, and Illinois Private Business and Vocational Schools Act, and claims of breach of contract, fraudulent misrepresentation, concealment, negligence, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief as to violations of state law. The plaintiff seeks compensatory, exemplary, punitive, treble, and statutory penalties and damages, including pre-judgment and post-judgment interest, in addition to restitution, declaratory and injunctive relief, and attorneys' fees. The Adtalem Parties moved to dismiss this complaint on June 20, 2018. On March 11, 2019, the court granted plaintiff's motion for leave to file an amended complaint. Plaintiff filed an amended complaint that same day, asserting similar claims, with new lead plaintiff, Dave McCormick. Defendants filed a motion to dismiss plaintiff's amended complaint on April 15, 2019 and the court granted Defendants' motion on July 29, 2019, with leave to amend. The plaintiff has filed an amended complaint on August 26, 2019.

On May 8, 2018, the Carlson Law Firm ("Carlson") filed a lawsuit against Adtalem and DeVry University, Inc., on behalf of 71 individual former DeVry University students in Rangel v. Adtalem and DeVry University, Inc. Carlson filed this lawsuit in the United States District Court for the Western District of Texas. Plaintiffs contend that DeVry University "made deceptive representations about the benefits of obtaining a degree from DeVry University" in violation of Texas state laws and seek full restitution of all monies paid to DeVry University and any student loan lenders, punitive damages, and attorneys' fees. The defendants moved to dismiss this complaint on June 5, 2018. On June 27, 2018, Carlson filed a second lawsuit on behalf of 32 former DeVry University students against Adtalem and DeVry University, Inc. in Lindberg v. Adtalem and DeVry University, Inc. Carlson filed this lawsuit in the United States District Court for the Western District of Texas. The allegations are identical to the allegations in the lawsuit Carlson filed on May 8, 2018. Specifically, plaintiffs contend that DeVry University "made deceptive representations about the benefits of obtaining a degree from DeVry University" in violation of Texas state laws and seek full restitution of all monies paid to DeVry University and any student loan lenders, punitive damages, and attorneys' fees. The defendants moved to dismiss this complaint on August 28, 2018. The court consolidated these two lawsuits on December 10, 2018. The defendants moved to dismiss the consolidated action on December 18, 2018. On January 2, 2019, Carlson filed a motion to intervene on behalf of 13 additional former DeVry University students seeking to join the consolidated lawsuit. The parties re-filed their briefing on the motions to dismiss so that the motion would apply to all three groups of plaintiffs. On April 24, 2019, the Court granted Adtalem's and DeVry University's motions to dismiss, with leave to amend. The plaintiffs filed an amended complaint on June 7, 2019. Defendants moved to dismiss the complaint on July 5, 2019. Plaintiffs filed its opposition on August 5, 2019.

On April 4, 2019, the Carlson Law Firm sent notice pursuant to California Legal Remedies Act, Civil Code § 1750, of 105 individuals who purportedly have claims against DeVry University and Adtalem based on allegedly deceptive comments made about the benefits of obtaining a DeVry University degree; specifically, that 90% of graduates obtained a job in their chosen field of study within six months of graduation, and that graduates were paid more than graduates of other universities. On July 16, 2019, the Carlson Law Firm filed a lawsuit in the United States District Court for the Northern District of California – San Jose Division against Adtalem and DeVry University on behalf of 102 individual former DeVry University students in Alvarez v. Adtalem and DeVry University, Inc. The plaintiffs contend that defendants misrepresented the benefits of graduating from DeVry University and falsely and misleadingly advertised the employment rate and income rate of their graduates to induce potential students to purchase educational products and services, and to remain students through graduation. The lawsuit seeks exemplary damages, restitution, economic damages, punitive damages, pre- and post-judgment interest, attorneys' fees and the cost of suit. The plaintiffs brought claims for fraud by misrepresentation, fraud by concealment, negligent misrepresentation, civil theft, violation of the California Consumer Legal Remedies Act, violation of California's Unfair Competition Law, and violation of California's False Advertising Law. Adtalem and DeVry University executed a waiver of service of the complaint and their responsive pleading is due on October 1, 2019.

On June 21, 2018, the Stoltmann Law Firm filed a lawsuit against Adtalem in Cook County Circuit Court, alleging that Adtalem breached a contract with the Stoltmann Law Firm to pay filing fees associated with arbitration claims the Stoltmann Law Firm has filed with JAMS. The Stoltmann Law Firm is seeking specific performance from the court. Adtalem moved to dismiss this complaint on August 3, 2018. Prior to the court ruling on Adtalem's motion to dismiss, the Stoltmann Law Firm and 399 individuals filed an amended complaint on August 9, 2018, asserting claims for specific performance, declaratory judgment and a petition to compel arbitration. Adtalem moved to dismiss the amended complaint on August 31, 2018. The court granted Adtalem's motion to dismiss on November 30, 2018, but granted plaintiffs leave to file a second amended complaint. A single individual plaintiff filed a second amended complaint on January 3, 2019. Adtalem moved to dismiss the complaint on May 23, 2019. A hearing is set for October 1, 2019.

On June 7, 2019, the Stoltmann Law Firm filed a complaint in the Northern District of Illinois on behalf of Michael Forsythe seeking to compel arbitration of his consumer claims before the Judicial Arbitration and Mediation Services, Inc. ("JAMS"). Adtalem moved to dismiss the complaint on July 1, 2019. A hearing is set for September 11, 2019.

The Stoltmann Law firm is representing hundreds of individuals who have filed claims with JAMS alleging fraud-based claims based on DeVry University's graduate employment statistics. The Stoltmann Law Firm has paid the filing fees for eight of these arbitrations to move forward. On June 14, 2019, JAMS sent Commencement Letters initiating the arbitration process for the claims of James Archibald and Gilbert Caro. Defendants filed their answers to these two claims on June 28, 2019. An arbitration hearing is tentatively scheduled for March 9-12, 2020, to adjudicate the claims of James Archibald, and February 3-6, 2020, to adjudicate the claims of Gilbert Caro. On August 2, 2019, JAMS sent Commencement Letters initiating the arbitration process for the claims of Sterling Bridges, David Cobb, and Lacresha Houser. Defendants must file their answers by August 16, 2019. On August 5, 2019, JAMS sent Commencement Letters initiating the arbitration process for the claims of Micael Pizzo, Damion Tilghman, and Rickya Tillery. Defendants filed their answers on August 19, 2019. No arbitration hearings have been scheduled yet.

On March 29, 2019, a putative class action lawsuit was filed by Robby Brown, individually and on behalf of all others similarly situated, against Adtalem Global Education Inc. and DeVry University, Inc., in the Western District of Missouri. The complaint was filed on behalf of himself and two separate classes of similarly situated individuals who were citizens of the State of Missouri and who purchased or paid for and received any part of a DeVry University program. The plaintiffs claim that defendants made false or misleading statements regarding DeVry University's graduate employment rate and assert claims of breach of contract, negligent misrepresentation, fraudulent misrepresentation, fraudulent concealment, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief. The plaintiffs seek compensatory, exemplary, punitive, treble, and statutory penalties and damages as allowed by law, including pre-judgment and post-judgment interest disgorgement, restitution, injunctive and declaratory relief, and attorneys' fees. Defendants filed a motion to dismiss the complaint on May 31, 2019. The motion to dismiss has been fully briefed and the parties are awaiting a decision by the court.

On or about April 1, 2019, Adtalem, Chamberlain and DeVry University received similar Civil Investigative Demands ("CID") from the U.S. Department of Justice (the "DOJ"). The CIDs were issued pursuant to a False Claims Act inquiry concerning allegations that Adtalem, in particular Chamberlain and Adtalem's former subsidiary DeVry University, submitted or caused the submission of false claims to the U.S. Department of Defense and U.S. Department of Veteran Affairs for federal funds under the GI Bill Programs and Tuition Assistance Program from 2011 to the date of the CIDs. It is specifically alleged that Chamberlain and DeVry University engaged in unlawful recruitment tactics, and provided incentive payments based directly or indirectly on securing federal financial aid. At this time, we cannot predict the duration or outcome of this investigation, but Adtalem is cooperating fully with this DOJ inquiry and is providing documents and other information requested by the DOJ.

On April 3, 2019, a putative class action lawsuit was filed by T'Lani Robinson, individually and on behalf of all others similarly situated, against Adtalem Global Education Inc. and DeVry University, Inc., in the Northern District of Georgia. The complaint was filed on behalf of herself and three separate classes of similarly situated individuals who were citizens of the State of Georgia who purchased or paid for and received any part of a DeVry University program. The plaintiffs claim that defendants made false or misleading statements regarding DeVry University's graduate employment rate and assert claims of breach of contract, negligent misrepresentation, fraudulent misrepresentation, fraudulent concealment, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief. The plaintiffs seek compensatory, exemplary, punitive, treble, and statutory penalties and damages as allowed by law, including pre-judgment and post-judgment interest disgorgement, restitution, injunctive and declaratory relief, and attorneys' fees. Defendants filed a motion to dismiss the complaint on May 31, 2019. The motion to dismiss has been fully briefed and the parties are awaiting a decision by the court.

NOTE 16: SEGMENT INFORMATION

Beginning in the second quarter of fiscal year 2018, DeVry University operations were classified as discontinued operations. In addition, beginning in the fourth quarter of fiscal year 2018, Carrington operations were classified as discontinued operations. See "Note 2: Discontinued Operations" for further information. Segment information presented excludes the results of DeVry University and Carrington, which were previously classified within our former U.S. Traditional Postsecondary segment and are presented as discontinued operations in the Consolidated Financial Statements. Discontinued operations assets are included in the table below to reconcile to Total Consolidated Assets presented on the Consolidated Balance Sheets.

Adtalem's principal business is the provision of educational services. During the fourth quarter of fiscal year 2019, Adtalem renamed two of its segments: Professional Education was renamed Financial Services, and Technology and Business was renamed Business and Law. Adtalem presents three reporting segments: "Medical and Healthcare," which includes the operations of Chamberlain and the medical and veterinary schools (which include AUC, RUSM and RUSVM); "Financial Services," which includes the operations of ACAMS, Becker, OCL and EduPristine; and "Business and Law," which includes the operations of Adtalem Brazil. "Home Office and Other" includes activity not allocated to a reporting segment.

These segments are consistent with the method by which the Chief Operating Decision Maker (Adtalem's Chairman, President and Chief Executive Officer) evaluates performance and allocates resources. Performance evaluations are based, in part, on each segment's operating income. Intersegment sales are accounted for at amounts comparable to sales to nonaffiliated customers and are eliminated in consolidation. "Home Office and Other" includes activity not allocated to a reporting segment and is included to reconcile segment results to the Consolidated Financial Statements. Segments may have allocated depreciation expense related to depreciable assets reported as an asset in a different segment. The accounting policies of the segments are the same as those described in "Note 4: Summary of Significant Accounting Policies."

Summary financial information by reporting segment is as follows (in thousands):

	Year Ended June 30,		
	2019	2018	2017
Revenue:			
Medical and Healthcare	$ 849,861	$ 815,674	$ 802,462
Financial Services	167,211	147,195	131,769
Business and Law	225,844	270,934	276,341
Home Office and Other	(3,229)	(2,592)	(2,663)
Total Consolidated Revenue	$ 1,239,687	$ 1,231,211	$ 1,207,909
Operating Income (Loss) from Continuing Operations:			
Medical and Healthcare	$ 155,122	$ 189,672	$ 187,138
Financial Services	34,163	27,695	19,866
Business and Law	17,461	29,431	36,204
Home Office and Other (1)	(20,757)	(39,322)	(107,710)
Total Consolidated Operating Income from Continuing Operations	$ 185,989	$ 207,476	$ 135,498
Segment Assets:			
Medical and Healthcare	$ 814,728	$ 988,920	$ 905,741
Financial Services	582,327	456,589	451,261
Business and Law	579,578	547,110	606,563
Home Office and Other	266,063	291,760	186,217
Discontinued Operations	—	60,582	165,236
Total Consolidated Assets	$ 2,242,696	$ 2,344,961	$ 2,315,018
Additions to Long-Lived Assets:			
Medical and Healthcare	$ 47,410	$ 34,099	$ 15,774
Financial Services	125,494	15,063	364,275
Business and Law	7,177	25,998	19,222
Home Office and Other	8,486	10,675	6,477
Total Consolidated Additions to Long-Lived Assets	$ 188,567	$ 85,835	$ 405,748
Reconciliation to Consolidated Financial Statements:			
Capital Expenditures	$ 64,751	$ 66,530	$ 42,508
Additions to Capital Assets from Acquisitions	1,197	381	4,913
Additions to Intangible Assets and Goodwill from Acquisitions	122,619	18,924	358,327
Total Consolidated Additions to Long-Lived Assets	$ 188,567	$ 85,835	$ 405,748
Depreciation Expense:			
Medical and Healthcare	$ 28,025	$ 29,731	$ 31,938
Financial Services	1,849	1,999	1,869
Business and Law	9,270	10,282	10,117
Home Office and Other	3,885	1,274	1,881
Total Consolidated Depreciation Expense	$ 43,029	$ 43,286	$ 45,805
Intangible Asset Amortization Expense:			
Financial Services	$ 6,947	$ 6,501	$ 7,482
Business and Law	1,765	3,037	3,687
Total Consolidated Intangible Asset Amortization Expense	$ 8,712	$ 9,538	$ 11,169

(1) Home Office and Other Operating Loss includes $52.2 million in charges in the year ended June 30, 2017 for regulatory settlements as described in "Note 3: Regulatory Settlements."

Adtalem conducts its educational operations in the U.S., Barbados, St. Kitts, St. Maarten, Brazil, Canada, Europe, the Middle East, India, China and the Pacific Rim. Other international revenue, which is derived principally from Europe and the Pacific Rim, was less than 5% of total revenue for each of the years ended June 30, 2019, 2018 and 2017. Revenue and long-lived assets by geographic area are as follows (in thousands):

	Year Ended June 30,		
	2019	2018	2017
Revenue from Unaffiliated Customers:			
Domestic Operations	$ 640,733	$ 610,967	$ 585,865
International Operations:			
Barbados, Dominica, St. Kitts and St. Maarten	362,427	342,831	340,861
Brazil	225,844	270,934	276,341
Other	10,683	6,479	4,842
Total International	598,954	620,244	622,044
Total Consolidated Revenue	$ 1,239,687	$ 1,231,211	$ 1,207,909
Long-Lived Assets:			
Domestic Operations	$ 157,367	$ 148,724	$ 164,324
International Operations:			
Barbados, Dominica, St. Kitts and St. Maarten	176,229	182,701	190,843
Brazil	91,588	94,467	104,497
Other	1,950	2,021	3,378
Total International	269,767	279,189	298,718
Total Consolidated Long-Lived Assets	$ 427,134	$ 427,913	$ 463,042

No one customer accounted for more than 10% of Adtalem's consolidated revenue.

NOTE 17: QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized unaudited quarterly data for the years ended June 30, 2019 and 2018, are as follows:

	Quarter				
	First	Second	Third	Fourth	Total Year
Year Ended June 30, 2019	(in thousands, except per share amounts)				
Revenue	$ 284,190	$ 316,594	$ 308,609	$ 330,294	$ 1,239,687
Operating (Loss) Income from Continuing Operations	$ (2,508)	$ 70,299	$ 46,306	$ 71,892	$ 185,989
Amounts Attributable to Adtalem Global Education:					
(Loss) Income from Continuing Operations	$ (4,823)	$ 52,418	$ 36,252	$ 51,764	$ 135,611
(Loss) Income from Discontinued Operations	$ (4,707)	$ (35,123)	$ 1,653	$ (2,266)	$ (40,443)
Net (Loss) Income Attributable to Adtalem Global Education	$ (9,530)	$ 17,295	$ 37,905	$ 49,498	$ 95,168
Earnings (Loss) per Common Share Attributable to Adtalem Global Education Shareholders:					
Basic:					
Continuing Operations	$ (0.08)	$ 0.89	$ 0.62	$ 0.92	$ 2.32
Discontinued Operations	$ (0.08)	$ (0.59)	$ 0.03	$ (0.04)	$ (0.69)
Total	$ (0.16)	$ 0.29	$ 0.65	$ 0.88	$ 1.63
Diluted:					
Continuing Operations	$ (0.08)	$ 0.87	$ 0.62	$ 0.90	$ 2.29
Discontinued Operations	$ (0.08)	$ (0.59)	$ 0.03	$ (0.04)	$ (0.68)
Total	$ (0.16)	$ 0.29	$ 0.64	$ 0.86	$ 1.60

Year Ended June 30, 2018	First	Second	Third	Fourth	Total Year
	Quarter				
	(in thousands, except per share amounts)				
Revenue	$ 293,143	$ 308,211	$ 310,070	$ 319,787	$ 1,231,211
Operating Income from Continuing Operations	$ 29,886	$ 59,919	$ 52,504	$ 65,167	$ 207,476
Amounts Attributable to Adtalem Global Education:					
Income (Loss) from Continuing Operations	$ 25,438	$ (51,841)	$ 42,905	$ 97,413	$ 113,915
Loss from Discontinued Operations	$ (12,653)	$ (29,315)	$ (3,571)	$ (34,607)	$ (80,146)
Net Income (Loss) Attributable to Adtalem Global Education	$ 12,785	$ (81,156)	$ 39,334	$ 62,806	$ 33,769
Earnings (Loss) per Common Share Attributable to Adtalem Global Education Shareholders:					
Basic:					
Continuing Operations	$ 0.41	$ (0.85)	$ 0.70	$ 1.60	$ 1.85
Discontinued Operations	$ (0.20)	$ (0.48)	$ (0.06)	$ (0.57)	$ (1.30)
Total	$ 0.20	$ (1.33)	$ 0.64	$ 1.03	$ 0.55
Diluted:					
Continuing Operations	$ 0.40	$ (0.85)	$ 0.69	$ 1.58	$ 1.83
Discontinued Operations	$ (0.20)	$ (0.48)	$ (0.06)	$ (0.56)	$ (1.29)
Total	$ 0.20	$ (1.33)	$ 0.63	$ 1.02	$ 0.54

NOTE 18: SUBSEQUENT EVENT

On July 31, 2019, Adtalem transferred ownership of its Chicago, Illinois campus to DePaul College Prep Foundation (“DePaul College Prep”) for $52.0 million. Adtalem will hold a mortgage, secured by the property, from DePaul College Prep for $46.8 million. Adtalem also entered into a 3-year lease with DePaul College Prep for a portion of this facility to continue to be used by Chamberlain. This lease can be terminated by DePaul College Prep after two years.

ADTALEM GLOBAL EDUCATION INC.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
Years Ended June 30, 2019, 2018 and 2017
(in thousands)

Description of Allowances and Reserves	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
Year Ended June 30, 2019					
Deducted from accounts receivable for refunds	$ 387	$ —	$ (387)(e)	$ —	$ —
Deducted from accounts receivable for uncollectible accounts	27,582	19,137	881 (a)(f)	23,945 (b)	23,655
Deducted from long-term notes receivable for uncollectible notes	10	4	—	—	14
Deducted from deferred tax assets for valuation allowances	11,496	6,767	4	8,324	9,943
Restructuring expense reserve	38,927	8,870	—	22,714 (d)	25,083
Year Ended June 30, 2018					
Deducted from accounts receivable for refunds	$ 450	$ 16,882 (c)	$ —	$ 16,945 (b)	$ 387
Deducted from accounts receivable for uncollectible accounts	24,570	16,925	(1,283)(a)	12,630 (b)	27,582
Deducted from long-term notes receivable for uncollectible notes	15	(5)	—	—	10
Deducted from deferred tax assets for valuation allowances	9,456	2,266	(19)	207	11,496
Restructuring expense reserve	46,115	19,893	—	27,081 (d)	38,927
Year Ended June 30, 2017					
Deducted from accounts receivable for refunds	$ 690	$ 15,525 (c)	$ —	$ 15,765 (b)	$ 450
Deducted from accounts receivable for uncollectible accounts	25,524	19,003	(240)(a)	19,717 (b)	24,570
Deducted from long-term notes receivable for uncollectible notes	16	(1)	—	—	15
Deducted from deferred tax assets for valuation allowances	8,624	883	1,865	1,916	9,456
Restructuring expense reserve	48,223	27,620	—	29,728 (d)	46,115

(a) Effects of foreign currency translation charged to Accumulated Other Comprehensive Loss.
(b) Write-offs of uncollectable amounts and cash refunds.
(c) Amounts recorded as a reduction of revenue, including adjustment for withdrawn students.
(d) Payments and/or adjustments of liabilities for restructuring reserve.
(e) Reclassification between accounts.
(f) OnCourse Learning's acquired balance.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Adtalem Global Education Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Adtalem Global Education Inc. and its subsidiaries (the "Company") as of June 30, 2019 and 2018, and the related consolidated statements of income, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended June 30, 2019, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded OnCourse Learning from its assessment of internal control over financial reporting as of June 30, 2019 because it was acquired by the Company in a purchase business combination during May 2019. We have also excluded OnCourse Learning from our audit of internal control over financial reporting. OnCourse Learning is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 0.3% and 0.1%, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2019.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment – Adtalem Brazil Reporting Unit

As described in Notes 4 and 10 to the consolidated financial statements, the Company's consolidated goodwill balance was $874 million at June 30, 2019, and the amount of goodwill associated with the Adtalem Brazil reporting unit was $187 million. Management conducts an annual impairment assessment as of May 31 of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill balances may be impaired. If the carrying value of a reporting unit containing the goodwill exceeds the fair value of that reporting unit, an impairment loss to goodwill is recognized. As of the annual impairment assessment performed during the fourth quarter, the amount of excess estimated fair value over the carrying value was 13% for the Adtalem Brazil reporting unit. The estimated fair value of the reporting unit is based on management's projection of revenues, gross margin, operating costs and cash flows considering planned business and operational strategies over a long-term planning horizon of five years along with a terminal value calculated based on discounted cash flows. The key assumptions utilized in calculating the fair value of the Adtalem Brazil reporting unit were the discount rate, revenue growth rate over the forecast period, and terminal growth rate.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Adtalem Brazil reporting unit is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the reporting unit, which in turn led to a high degree of auditor judgment, effort and subjectivity in performing procedures and evaluating audit evidence related to management's cash flow projections and significant assumptions, including the discount rate, revenue growth rate over the forecast period, and terminal growth rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's annual goodwill impairment assessment, including controls over the valuation of the Company's reporting units. These procedures also included, among others, testing management's process for developing the fair value estimate; evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the model; and evaluating the significant assumptions used by management, including the discount rate, revenue growth rate over the forecast period, and terminal growth rate. Professionals with specialized skill and knowledge were used to assist in the evaluation of the discounted cash flow model and certain significant assumptions, including the discount rate and terminal growth rate. Evaluating the assumption related to the revenue growth rate over the forecast period involved evaluating whether the assumption used was reasonable by considering the current and past performance of the reporting unit, consistency with external market and industry data, and whether the assumption was consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
August 28, 2019

We have served as the Company's auditor since 1991.

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

Principal Executive and Principal Financial Officer Certificates

The required compliance certificates signed by Adtalem's Chief Executive Officer and Chief Financial Officer are included as Exhibits 31 and 32 of this Annual Report on Form 10-K.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to help ensure that all the information required to be disclosed in Adtalem's reports filed under the Securities Exchange Act of 1934 (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified by the applicable rules and forms.

Adtalem's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that Adtalem's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are effective to ensure that information required to be disclosed in the reports that Adtalem files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to Adtalem's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Adtalem is responsible for establishing and maintaining adequate internal control over financial reporting, as defined by Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of June 30, 2019, Adtalem's management has assessed the effectiveness of its internal control over financial reporting, using the criteria specified by the Committee of Sponsoring Organizations of the Treadway Commission's 2013 report Internal Control — Integrated Framework. Based upon this assessment, Adtalem's management concluded that as of June 30, 2019, its internal control over financial reporting was effective based upon these criteria. Adtalem acquired OnCourse Learning ("OCL") in a purchase business combination in May 2019, therefore, management has excluded OCL from its assessment of the effectiveness of internal controls over financial reporting as of June 30, 2019. Total assets, excluding intangible assets and goodwill, and total revenues of OCL represented 0.3% and 0.1%, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2019.

The effectiveness of Adtalem's internal control over financial reporting as of June 30, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting that occurred during our latest fiscal quarter that materially affected, or are reasonably likely to materially affect, Adtalem's internal control over financial reporting. As discussed above, on May 31, 2019, we completed our acquisition of OCL and OCL became our wholly owned subsidiary. As a result of the OCL acquisition, the internal control over financial reporting utilized by us prior to the acquisition became the internal control over financial reporting of OCL, and we are currently in the process of evaluating and integrating OCL's historical internal controls over financial reporting with ours.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information called for by Item 10 relating to Directors and Nominees for election to the Board of Directors is incorporated by reference to Adtalem's definitive Proxy Statement to be filed in connection with the solicitation of proxies for the Annual Meeting of Stockholders to be held November 6, 2019 (the "Proxy Statement"). The information called for by Item 10 with respect to Executive Officers is set forth at the end of Part I of this Annual Report on Form 10-K.

The information called for by Item 10 with respect to Regulation S-K, Item 405 disclosure of delinquent Form 3, 4 or 5 filers is incorporated by reference to the Proxy Statement.

In accordance with the information called for by Item 10 relating to Regulation S-K, Item 406 disclosures about the Adtalem Code of Conduct and Ethics, Adtalem has a Code of Conduct and Ethics, which applies to its directors, officers (including the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer), and all other employees. The full text of the Code is available on Adtalem's website. Adtalem intends to satisfy the requirements of the Securities and Exchange Commission regarding amendments to, or waivers from, the Code by posting such information on its website. To date, there have been no waivers from the Code.

The information called for by Item 10 relating to Regulation S-K, Item 407(c)(3) disclosure of procedures by which security holders may recommend nominees to Adtalem's Board of Directors is incorporated by reference to the Proxy Statement. The information called for by Item 10 relating to Regulation S-K, Item 407(d)(4) and (d)(5) disclosure of the Adtalem's audit and finance committee financial experts and identification of the Adtalem's audit committee is incorporated by reference to the Proxy Statement.

ITEM 11 – EXECUTIVE COMPENSATION

The information called for by Item 11 is incorporated by reference to the Proxy Statement (as defined in Item 10).

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information called for by Item 12 is incorporated by reference to the Proxy Statement (as defined in Item 10).

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information called for by Item 13 is incorporated by reference to the Proxy Statement (as defined in Item 10).

ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information called for by Item 14 is incorporated by reference to the Proxy Statement (as defined in Item 10).

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(1) *Financial Statements*

The required financial statements of Adtalem and its subsidiaries are included in Part II, Item 8, on pages 68 through 115 of this Annual Report on Form 10-K.

(2) *Supplemental Financial Statement Schedules*

The required supplemental schedule of Adtalem and its subsidiaries is included in Part II, Item 8 on page 113 of this Annual Report on Form 10-K.

(3) *Exhibits*

A complete listing of exhibits is included on pages 120 through 123 of this Annual Report on Form 10-K.

ITEM 16 - FORM 10-K SUMMARY

None.

FIVE-YEAR SUMMARY — OPERATING, FINANCIAL AND OTHER DATA

The operating results presented below (except for (Loss) Income from Discontinued Operations, Net of Tax, Net Income (Loss) Attributable to Adtalem and Diluted Earnings (Loss) per Common Share (EPS)) exclude the results of DeVry University and Carrington College ("Carrington"), which are included in discontinued operations. Cash and Cash Equivalents and Capital Expenditures exclude the balances of DeVry University and Carrington, which were divested in fiscal year 2019. Operating results for business combinations are included since the date of each respective acquisition. See "Note 9: Business Combinations" to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further discussion of acquisitions.

	Fiscal Year				
	2019	2018	2017	2016	2015
	(in thousands, except per share amounts)				
OPERATING:					
Revenue	$ 1,239,687	$ 1,231,211	$ 1,207,909	$ 1,080,075	$ 958,240
Depreciation	43,029	43,286	45,805	43,319	46,789
Amortization of Intangible Assets and Other	10,278	11,811	11,873	5,896	5,288
Interest and Dividend Income	7,976	5,827	4,905	666	1,904
Interest Expense	23,631	14,620	9,144	5,934	5,313
Income from Continuing Operations, Net of Tax	135,611	113,915	119,974	125,086	117,923
(Loss) Income from Discontinued Operations, Net of Tax	(40,443)	(80,146)	2,309	(128,252)	21,976
Net Income (Loss) Attributable to Adtalem	95,168	33,769	122,283	(3,166)	139,899
Diluted Earnings from Continuing Operations per Common Share (EPS)	2.29	1.83	1.87	1.94	1.81
Diluted Earnings (Loss) per Common Share (EPS)	1.60	0.54	1.91	(0.05)	2.14
Shares Used in Calculating Diluted EPS	59,330	62,280	64,019	64,371	65,277
Cash Dividend Declared per Common Share	—	—	0.18	0.36	0.36
FINANCIAL POSITION:					
Cash and Cash Equivalents	299,445	430,690	240,426	305,147	345,848
Total Assets	2,242,696	2,344,961	2,315,018	2,096,996	2,065,472
Long-Term Debt	407,000	300,000	125,000	—	—
Total Shareholders' Equity	1,391,530	1,519,286	1,669,039	1,582,087	1,584,810
OTHER SELECTED DATA:					
Net Cash Provided by Operating Activities	204,858	239,189	230,920	231,483	210,873
Capital Expenditures	64,751	66,530	42,508	51,455	76,736
Shares Outstanding at Year-end	55,303	59,893	62,371	62,549	63,623
Closing Price of Common Stock at Year-end	45.05	48.10	37.95	17.84	29.98
Price Earnings Ratio on Common Stock (1)	28	89	20	NM	14

(1) Computed on trailing four quarters of earnings per common share.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
2(a)	Agreement and Plan of Merger, dated May 18, 2016, by and among DeVry/Becker Education Development Corp., AGM Acquisition Corp., Cardinal Acquisition Merger Sub, Inc., Alert Global Media Holdings, LLC, and Registrant		Exhibit 2.1 to the Registrant's Form 8-K filed June 23, 2016
2(b)	Stock Purchase Agreement, by and between the Registrant and Cogswell Education, LLC, dated December 4, 2017 (the "Stock Purchase Agreement")		Exhibit 2.1 to the Registrant's Form 8-K dated December 4, 2017
2(c)	Amendment No. 1 to the Stock Purchase Agreement, dated August 2, 2018		Exhibit 2.1 to the Registrant's Form 8-K dated August 3, 2018
2(d)	Amendment No. 2 to the Stock Purchase Agreement dated as of December 11, 2018, by and between the Registrant and Cogswell		Exhibit 2.3 to the Registrant's Form 8-K filed December 12, 2018
2(e)	Amendment No. 3 to the Stock Purchase Agreement, dated as of December 11, 2018, by and between the Registrant and Cogswell		Exhibit 2.4 to the Registrant's Form 8-K filed December 12, 2018
2(f)	Membership Interest Purchase Agreement, by and between the Registrant and San Joaquin Valley College, Inc., dated June 28, 2018		Exhibit 2.1 to the Registrant's Form 8-K dated June 29, 2018
3(a)	Restated Certificate of Incorporation of the Registrant, dated May 23, 2017		Exhibit 3.2 to the Registrant's Form 8-K dated May 22, 2017
3(b)	Amendment to Restated Certificate of Incorporation of the Registrant, dated May 23, 2017		Exhibit 3.1 to the Registrant's Form 8-K dated May 22, 2017
3(c)	Amended and Restated By-Laws of the Registrant, as amended as of May 23, 2017		Exhibit 3.3 to the Registrant's Form 8-K dated May 22, 2017
4(a)	Credit Agreement dated April 13, 2018, among the Registrant and certain subsidiaries of the Registrant identified therein, as the Borrowers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith, Bank of Montreal, Fifth Third Bank and PNC Bank, National Association, as Joint Lead Arrangers and Joint Bookrunners, Bank of Montreal, Fifth Third Bank and PNC Bank, National Association, as Co-Syndication Agents, The Northern Trust Company, as Documentation Agent, and The Other Lenders Party Thereto (the "Credit Agreement")		Exhibit 10.1 to the Registrant's Form 8-K filed April 19, 2018
4(b)	Description of Registrant's Securities	X	
10(a)*	Registrant's Amended and Restated Incentive Plan of 2005		Exhibit 10.1 to the Registrant's Form 8-K dated November 10, 2010
10(b)*	Registrant's Fourth Amended and Restated Incentive Plan of 2013		Appendix A of the Supplement to Proxy Statement dated October 10, 2017

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(c)*	Form of Nonqualified Stock Option Agreement for Executive Officers under the Amended and Restated Incentive Plan of 2005		Exhibit 10(e) to the Registrant's Form 10-K for the year ended June 30, 2013
10(d)*	Form of Nonqualified Stock Option Agreement for Employees under the Amended and Restated Incentive Plan of 2005		Exhibit 10(f) to the Registrant's Form 10-K for the year ended June 30, 2013
10(e)*	Form of Incentive Stock Option Agreement for Executive Officers under the Amended and Restated Incentive Plan of 2005		Exhibit 10(g) to the Registrant's Form 10-K for the year ended June 30, 2013
10(f)*	Form of Incentive Stock Option Agreement for Employees under the Amended and Restated Incentive Plan of 2005		Exhibit 10(h) to the Registrant's Form 10-K for the year ended June 30, 2013
10(g)*	Form of Full Value Share Award Agreement for Executive Officers under the Amended and Restated Incentive Plan of 2005		Exhibit 10.2 to the Registrant's Form 8-K dated February 20, 2013
10(h)*	Form of Full Value Share Award Agreement for Directors under the Amended and Restated Incentive Plan of 2005		Exhibit 10(j) to the Registrant's Form 10-K for the year ended June 30, 2013
10(i)*	Form of Full Value Share Award Agreement for Employees under the Amended and Restated Incentive Plan of 2005		Exhibit 10(k) to the Registrant's Form 10-K for the year ended June 30, 2013
10(j)*	Form of Performance Share Award Agreement for Executive Officers under the Amended and Restated Incentive Plan of 2005		Exhibit 10(l) to the Registrant's Form 10-K for the year ended June 30, 2013
10(k)*	Form of Stock Appreciation Rights Agreement under the Amended and Restated Incentive Plan of 2005		Exhibit 10.1 to the Registrant's Form 8-K dated February 20, 2013
10(l)*	Form of Nonqualified Stock Option Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013		Exhibit 10(o) to the Registrant's Form 10-K for the year ended June 30, 2014
10(m)*	Form of Nonqualified Stock Option Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(p) to the Registrant's Form 10-K for the year ended June 30, 2014
10(n)*	Form of Incentive Stock Option Agreement for Executive Officers under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(q) to the Registrant's Form 10-K for the year ended June 30, 2014
10(o)*	Form of Incentive Stock Option Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(r) to the Registrant's Form 10-K for the year ended June 30, 2014
10(p)*	Form of Full Value Share Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10.1 to the Registrant's Form 8-K dated May 8, 2014
10(q)*	Form of Full Value Share Award Agreement for Directors under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(t) to the Registrant's Form 10-K for the year ended June 30, 2014
10(r)*	Form of Full Value Share Award Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(u) to the Registrant's Form 10-K for the year ended June 30, 2014

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(s)*	Form of Performance Share Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(v) to the Registrant's Form 10-K for the year ended June 30, 2014
10(t)*	Form of Performance Share Award Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(w) to the Registrant's Form 10-K for the year ended June 30, 2014
10(u)*	Form of Restricted Cash Award Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(x) to the Registrant's Form 10-K for the year ended June 30, 2014
10(v)*	Registrant's Nonqualified Deferred Compensation Plan		Exhibit 4.3 to the Registrant's Form S-8 dated August 27, 2014
10(w)*	Registrant's Success Sharing Retirement Plan		Exhibit 4.3 to the Registrant's Form S-8 dated August 27, 2014
10(x)*	Form of Indemnification Agreement between the Registrant and its Directors		Exhibit 10(f) to the Registrant's Form 10-K for the year ended June 30, 2010
10(y)*	Senior Advisor Agreement between the Registrant and Ronald L. Taylor		Exhibit 10(b) to the Registrant's Form 10-Q for the quarter ended December 31, 2002
10(z)*	First Amendment to Senior Advisor Agreement between the Registrant and Ronald L. Taylor		Exhibit 10(r) to the Registrant's Form 10-K for the year ended June 30, 2013
10(aa)*	Employment Agreement between the Registrant and Lisa W. Wardell, dated May 24, 2016		Exhibit 10.1 to the Registrant's Form 8-K dated May 27, 2016
10(bb)*	Executive Employment Agreement between the Registrant and Robert Paul, dated March 16, 2014		Exhibit 10(gg) to the Registrant's Form 10-K for the year ended June 30, 2015
10(cc)*	Executive Employment Agreement between the Registrant and Patrick J. Unzicker, dated May 31, 2016		Exhibit 10.1 to the Registrant's Form 8-K dated June 1, 2016
10(dd)*	Executive Employment Agreement between the Registrant and Gregory S. Davis, dated July 7, 2016		Exhibit 10.1 to the Registrant's Form 8-K dated January 1, 2017
10(ee)*	Executive Employment Agreement between the Registrant and Steven Riehs, dated May 17, 2013		Exhibit 10.1 to the Registrant's Form 8-K dated May 22, 2013
10(ff)*	Executive Employment Agreement between the Registrant and Susan Groenwald, dated September 1, 2011		Exhibit 10(ii) to the Registrant's Form 10-K for the year ended June 30, 2014
10(gg)*	Executive Employment Agreement between the Registrant and Lisa M. Sodeika, dated February 17, 2015		Exhibit 10(ll) to the Registrant's Form 10-K for the year ended June 30, 2017
10(hh)*	Executive Employment Agreement between the Registrant and Gena L. Ashe, dated May 30, 2017		Exhibit 10(ii) to the Registrant's Form 10-K for the year ended June 30, 2018
10(ii)*	Executive Employment Agreement between the Registrant and Donna N. Jennings-Howell, dated October 12, 2009		Exhibit 10(jj) to the Registrant's Form 10-K for the year ended June 30, 2018

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(jj)*	Executive Employment Agreement between the Registrant and Mehul R. Patel, dated September 5, 2017		Form 10(kk) to the Registrant's Form 10-K for the year ended June 30, 2018
10(kk)*	Executive Employment Agreement between the Registrant and Stephen W. Beard, dated February 1, 2018	X	
10(ll)*	Executive Employment Agreement between the Registrant and Kathy Boden Holland, dated May 9, 2018	X	
10(mm)*	Letter Agreement among the Registrant, Michael W. Malafronte and International Value Advisers, LLC and affiliated parties listed therein, dated October 3, 2017		Exhibit 10.1 to the Registrant's Form 8-K dated October 4, 2017
10(nn)	Promissory Note, dated December 11, 2018, by and between Adtalem and DeVry University, Inc.		Exhibit 2.5 to the Registrant's Form 8-K dated December 12, 2018
21	Subsidiaries of the Registrant	X	
23	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm	X	
31	Rule 13a-14(a)/15d-14(a) Certifications	X	
32	Section 1350 Certifications**		
101.INS	XBRL Instance Document	X	
101.SCH	XBRL Taxonomy Extension Schema Document	X	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X	

* Designates management contracts and compensatory plans or arrangements.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 28, 2019

Adtalem Global Education Inc.

By: /s/ Patrick J. Unzicker
Patrick J. Unzicker
Principal Financial Officer and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Lisa W. Wardell Lisa W. Wardell	Chairman of the Board, President and Chief Executive Officer	August 28, 2019
/s/ Steven M. Altschuler Steven M. Altschuler	Director	August 28, 2019
/s/ William W. Burke William W. Burke	Lead Independent Director	August 28, 2019
/s/ Donna J. Hrinak Donna J. Hrinak	Director	August 28, 2019
/s/ Georgette Kiser Georgette Kiser	Director	August 28, 2019
/s/ Lyle Logan Lyle Logan	Director	August 28, 2019
/s/ Michael W. Malafronte Michael W. Malafronte	Director	August 28, 2019
/s/ James D. White James D. White	Director	August 28, 2019

CORPORATE INFORMATION

Home Office
Adtalem Global Education Inc.
500 West Monroe
Chicago, IL 60661
630-571-7700
www.adtalem.com

Transfer Agent and Registrar
Computershare Investor Services, L.L.C.
462 South 4th Street Suite 1600
Louisville, KY 40202
312-588-4189

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
One North Wacker Drive
Chicago, Illinois 60606

Financial Information and Reports
Adtalem routinely issues press releases and quarterly and annual financial reports. To receive this information please write to us at: Adtalem Global Education Inc., Investor Relations, 500 West Monroe, Chicago, IL 60661, call 312-588-4189 or visit the "Investor Relations" section of our website at www.adtalem.com. A copy of Adtalem Global Education Inc. 2019 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission will be furnished to stockholders without charge (except charges for providing exhibits) upon request to the Company. Analysts and investors seeking additional information about the Company can contact Investor Relations at 312-588-4189.

Investor Relations
John Kristoff,
Vice President, Investor Relations
312-651-1437

Annual Meeting
The annual meeting of shareholders of Adtalem Global Education Inc. will be held on:
Wednesday, November 6, 2019
at 8:00 a.m. Mountain Standard Time at
Pointe Hilton Tapatio Cliffs Resort
11111 North 7th Street
Phoenix, Arizona 85020

Annual Mailing
Holders of common stock of record at the close of business on September 17, 2019 are entitled to vote at the meeting. A notice of meeting, proxy statement and proxy card and/or voting instructions were provided to shareholders with this Annual Report.

Common Stock
Adtalem's stock is traded on the New York Stock Exchange and the Chicago Stock Exchange under the symbol ATGE.

Corporate Governance
Corporate Governance To review the Company's corporate governance guidelines, Board committee charters and code of conduct and ethics, please visit the "Organizational Governance" section on the "Investor Relations" page of our website at www.adtalem.com

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